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Royal Borough of Windsor & Maidenhead

AUDIT AND GOVERNANCE COMMITTEE

THURSDAY, 29TH JULY, 2021

At 7.00 pm

In the

COUNCIL CHAMBER - TOWN HALL, MAIDENHEAD AND ON RBWM YOUTUBE

SUPPLEMENTARY AGENDA

PART I

ITEM	SUBJECT	PAGE NO
5.	STATEMENT OF ACCOUNTS UPDATE 2020/21 To receive an update on the 2020/21 accounts.	3 - 54

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Royal Borough of Windsor and Maidenhead Council

Audit planning report to the Audit & Governance Committee for the year ended 31 March 2021

Issued 27 July 2021 for the meeting on 29 July 2021

Contents

Introduction

The key messages in this report:

We have pleasure in presenting our planning report to the Audit and Governance Committee for the 2020/21 audit. We would like to draw your attention to the key messages of this paper:

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the statement of accounts.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

Overall introduction and setting the scope of our work

This report sets out key planning considerations for the 2020/21 audit of the Council. At the date of this report work on 2019/20 continues to be in progress principally in relation to closing out the work in relation to objections (as detailed in our May report). We are, however, able to set out the key planning considerations for the audit.

Covid-19 continues to be hugely impactful for the audit of local authorities. At one level, there has been significant upheaval to Council finances through 20/21 as bodies have had to adjust spend to respond to the pandemic and as additional funding initiatives and grants have been announced. This will require additional audit work to risk assess and test these new areas of income and expenditure, many of which diverge from original budgets. At another level, our ways of working and conducting an audit continue to be impacted. We anticipate again delivering the audit remotely using online tools to facilitate collaboration. We include additional commentary on the impact of Covid-19 later in this report.

Due to the impact of the pandemic, in the prior year, the deadline for submission of audited Council accounts was extended to 30 November 2020 and as noted above our 2019/20 work continues to be in progress. For 20/21 the deadline is set as 30 September 2021. However, we note that due to continued disruption, and that the 19/20 audit is not yet finalised, there may be some risk to meeting this deadline.

Our audit work will continue to be carried out in accordance with the requirements of the Code of Audit Practice ('the Code') and supporting guidance published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. A new version of the Code was issued in April 2020 by the Comptroller and Auditor General. The updated code makes several changes to auditor's responsibilities. The Code sets the overall scope of the audit which includes an audit of the accounts of the Council and work to satisfy ourselves that the Council has made proper arrangements to secure value for money (VFM) in its use of resources.

This is also a year of substantial change to our responsibilities in relation to Value for Money ("VFM") with the implementation of the 2020 Code of Audit Practice and revised Auditor Guidance Note 03, "Value for Money", issued by the National Audit Office. There is more detail on this overleaf and later in this paper on page 17 including commentary on the timeline for issues the Auditor's Annual Report that results from this work, which should be issued within three months of the date of the opinion on the financial statements

Our responsibilities as auditor, and the responsibilities of the Council, are set out in *"PSAA Statement of responsibilities of auditors and audited bodies: Principal Local Authorities and Police Bodies",* published by Public Sector Audit Appointments Limited.

RBWM prepares group accounts due to its interest in the associate entities Optalis Limited and Achieving for Children Limited. The recognition, measurement and disclosure of the wider group entities forms part of the scope of our audit and this scope is re-assessed every year once we have the final confirmed results of the associates.

Areas of focus in our work on the accounts

The Council issued its draft statements for the public inspection period on 21 June 2021. This process has commenced at the same time as finalising the 2019/20 audit. We have met with key officers, reviewed financial information and progressed our interim audit and, at the date of this report, commenced the testing on many of the audit areas. Some areas of planning and risk assessment continue to be in progress at the date of this report. Based on procedures performed to date, we summarise below and later in the paper the areas of significant audit risk we have so far identified, these may be subject to change following completion or our remaining planning and risk assessment work in particular in relation to revenue recognition where we have not yet concluded whether there is a significant risk. We will update the Audit and Governance Committee on any changes to our risk assessment at the next Audit and Governance Committee meeting.

Significant audit risks

- Valuation of properties – there is significant judgement over subjective inputs to the valuation. Due to the use of assumptions and the substantial value of the Council's property portfolio – carrying value of £327.8m as at 31 March 2021 (£298.9m as at 31 March 2020) – this will be significant risk for our audit. We note that the RICS have withdrawn the valuation alert that resulted in valuers reporting material valuation uncertainties at 31 March 2020
- Capitalisation of expenditure – there is judgement over the appropriate classification of spend as capital and not revenue. This can lead to in-year expenditure being depreciated over time instead of being recognised and expensed fully. This gives rise to a fraud risk as there is an incentive to inappropriately classify spend as capital which does not meet the accounting criteria for classification as such.
- Management override of controls – auditing standards presume there is a risk that the accounts may be fraudulently misstated by management overriding controls. Key areas of focus are: bias in the preparation of accounting estimates; inappropriate journal entries; and transactions which have no economic substance.

As noted above we are continuing to assess whether there is a significant risk in revenue recognition given changes to the revenue profile due to Covid-19 income.

Our work on VFM

The National Audit Office has issued a revised Code of Audit Practice for 2020/21, and a revised approach to "Value for Money" work under Audit Guidance Note 03 ("AGN03"). AGN03 adds a regime of narrative reporting to our work with a VFM commentary in a new, publically issued "Annual Auditor's Report", which replaces the Annual Audit Letter. We are required to perform planning work to understand the Council's VFM arrangements, and, where we identify a risk of significant weakness in arrangements, to plan and perform work to conclude whether there is a weakness.

Our risk assessment to determine whether there are any risks of significant weaknesses is at an early stage. We would, however, draw the Committee's attention to the exceptions reported in our summary report on the 2019/20 audit that will be areas of risk of significant weakness explicitly considered as part of our 2020/21 evaluation.

We have received a summary back from officers reflecting their view on the arrangements in place. We expect to carry out the majority of our planning and risk assessment procedures throughout June, July and August 2021 to allow for final conclusion of the 2019/20 work, analysis of 2020/21 outturn performance against financial and operational metrics including the Medium Term Financial Strategy and the outcome of any findings from the work of regulators.

Please note, as detailed in our final report on the 2019/20 audit, we issued a qualified, "except for" VFM conclusion in 2018/19 and expect to do so for 2019/20.

Other regulatory changes

The audit approach also reflects changes to International Standards on Auditing (UK) related to management estimates (ISA (UK) 540) and to going concern (ISA (UK) 570) and effective for this year. There is also a revised Practice Note 10 effective for this year. This guidance from the FRC assists auditors in the application of ISA 540, 570 and other auditing standards in the Public Sector. IFRS 16, Leases, will apply from 1 April 2022. Whilst the Council should be preparing for this, there are no disclosures yet required in the financial statements.

Our audit of the statement of accounts explained

We tailor our audit to your Authority

Identify changes in your business and environment

Covid-19 has been hugely impactful for local authorities including for RBWM. We anticipate this leading to some changes in final outturn versus budget and new components of income and expenditure that will require a refreshed audit approach. The Council also continues to work on major capital projects.

Scoping

Our work will be carried out in accordance with the Code of Audit Practice and supporting auditor guidance notes issued by the NAO.

More detail is given on the following page.

In our final report

In our final report to you we will conclude on the significant risks identified in this paper, report to you our other findings, and detail those items we will be including in our audit report, including key audit matters if applicable.

1. Identify changes in your business and environment
2. Determine materiality
3. Scoping
4. Significant risk assessment
5. Conclude on significant risk areas
6. Other findings
7. Our audit report

Determine materiality

We have determined planning materiality to be £6.2m in line with the 2019/20. Whilst gross expenditure has increased to be £314.9m (2019/20: £294.8m), the increase is attributable to the response to Covid. As the underlying risk profile is similar we have maintained materiality at a similar level. This equates to 1.97% of gross expenditure (2019/20: 2%). We will report to you all misstatements in excess of the clearly trivial threshold of £309k (2019/20: £309k). We may revise materiality once we have the final outturn figures and will advise the Audit and Governance Committee of any change accordingly.

Significant risk assessment

We have identified the appropriate capitalisation of expenditure, property valuations, and management override of controls as significant risks.

We discuss significant risks on pages 13-16.

Quality and Independence

We confirm all Deloitte network firms and engagement team members are independent of RBWM Council. We take our independence and the quality of the audit work we perform very seriously. Audit quality is our number one priority.

Scope of work and approach

We have the following areas of responsibility under the Code

Opinion on the Council's financial statements

We will conduct our audit in accordance with the Code of Audit Practice and supporting guidance issued by the National Audit Office ("NAO") and International Standards on Auditing (UK) ("ISA (UK)") as adopted by the UK Auditing Practices Board ("APB").

We report on whether the financial statements:

- Give a true and fair view of the financial position and income and expenditure
- Are prepared properly in accordance with the Code of Practice on Local Authority Accounting ("the Code").

Opinion on other matters

We are required to report on whether other information published with the audited financial statements is consistent with the financial statements.

Other information includes information included in the statement of accounts, in particular the Narrative Report. It also includes the Annual Governance Statement which the Council is required to publish alongside the Statement of Accounts.

In reading the information given with the financial statements, we take into account our knowledge of the Council, including that gained through work in relation to the body's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources.

Whole Government Accounts

We are required to issue a separate assurance report on the Council's separate return required to facilitate the preparation of the Whole of Government Accounts. Our work on the return is carried out in accordance with instructions issued by the NAO and typically focuses on testing the consistency of the return with the Council's financial statements, together with the validity, accuracy and completeness of additional information about the Council's transaction and balances with other bodies consolidated within the Whole of Government Accounts. We are also typically asked to report to the NAO on key findings from our audit of the accounts. The NAO has not yet issued its instructions for the current year.

Value for Money conclusion

We are required to consider the arrangements that the Council has made securing financial resilience and economy, efficiency and effectiveness in its use of resources, if we identify any significant weaknesses to make recommendations, and to provide a narrative commentary on arrangements.

To perform this work, we are required to:

- Obtain an understanding of the Council's arrangements sufficient to support our risk assessment and commentary;
- Assess whether there are risks of a significant weakness in the Council's arrangements, and perform additional procedures if a risk is identified. If a significant weakness is identified, we report this and an accompanying recommendation;
- Report in our audit opinion if we have reported any significant weaknesses.
- Issue a narrative commentary in our Annual Auditor's Report on the arrangements in place.

This will require a minimum level of work at every local public body, with additional risk based work where relevant.

Our responsibilities as auditor, and the responsibilities of the Council, are set out in "PSAA Statement of responsibilities of auditors and audited bodies: Principal Local Authorities and Police Bodies", published by PSAA

Scope of work and approach

Our approach

Liaison with internal audit

The Auditing Standards Board's version of ISA (UK) 610 "Using the work of internal auditors" prohibits use of internal audit to provide "direct assistance" to the audit. Our approach to the use of the work of Internal Audit has been designed to be compatible with these requirements.

We plan to meet with the Head of Internal Audit to discuss the internal audit work performed and we will review the internal audit reports issued in the period. We will consider the findings from their work and where significant control weaknesses are identified, we consider the impact on the scope of our own work.

Approach to controls testing

For controls considered to be 'relevant to the audit', our work involves evaluating the design of these controls and determining whether they have been implemented ("D & I").

We do not expect to place reliance on the operating effectiveness of controls in the current year.

Our assessment of the internal control environment has not been concluded. We will report to the Audit and Governance Committee any findings arising from further procedures.

We will consider any major changes to IT systems in year. This forms part of our ongoing risk assessment of IT systems and will involve Deloitte IT specialists as required.

Promoting high quality reporting to stakeholders

We view the audit role as going beyond reactively checking compliance with requirements: we seek to provide advice on evolving good practice to promote high quality reporting.

We recommend the Council completes the CIPFA Code checklist as part of the ongoing review of the financial statements.

Covid-19 pandemic and its impact on our audit

Covid-19 pandemic and its impact on our audit	
Requirements	The Covid-19 pandemic had a significant impact on the 2019/20 audit process, despite impacting relatively late in the year. Further guidance has been issued by CIPFA in Bulletin 09 on the accounting and disclosure requirements for 2020/21, where the impact has been much more extensive on all organisations. A key element of this will be communicating risks and governance impacts in narrative reporting, consistent with the Financial Reporting Council's guidance to organisations on the importance of communicating the impact of Covid-19 and related uncertainties, including their impact on resilience and going concern assessments. Entity-specific explanations of the current and expected effects of Covid-19 and the Council's plans to mitigate those effects should be included in the narrative reporting (including as relevant the Annual Governance Statement (AGS)), including in the discussion on Principal Risks and Uncertainties impacting the body. The Council has included a section on the strategic response to Covid-19 in the Narrative Report including a table showing performance against Covid-19 objectives. This will be evaluated as part of the audit with the AGS once available.
Actions	While there may be greater clarity compared to prior year, we would expect organisations as part of their reporting to conduct a thorough assessment of the current and potential future effects of the Covid-19 pandemic including: • Consideration of the impact across the Council's operations, including on its income streams, supply chains and cost base, and the consequent impacts on financial position; • The scenarios assumed in making forecasts and on the sensitivities arising should other potential scenarios materialise (including different funding scenarios); and • The effect of events after the reporting date, including the nature of non-adjusting events and an estimate of their financial effect, where possible.

Some of the impacts on the Council	Some of the impacts on annual report and financial statements (see also overleaf)	Some of the impacts on our audit
We consider the key impacts on the authority such as: • Interruptions to service provision. • Unavailability of personnel. • Reductions in certain income streams such as parking and leisure fees and charges. • Increases in income from central government funding. • The closure of facilities and premises.	We consider the impact of the outbreak on the annual report and financial statements, including: • Principal risk disclosures • Impact on property, plant and equipment • Valuation of commercial or investment properties • Impact on pension fund investment measurement and impairment • Financial sustainability assessment • Events after the reporting period and relevant disclosures • Bad debts provision policy • Narrative reporting • Impairment of non-current assets • Allowance for expected credit losses	We consider the impact on the audit including: • Resource planning • Timetable of the audit • Impact on our risk assessment • Logistics including meetings with entity personnel.

Covid-19 pandemic and its impact on our audit

Impact on annual report and financial statements	
Impact on property, plant and equipment	The Royal Institute of Chartered Surveyors issued a practice alert, as a result of which valuers identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This practice alert was withdrawn in September 2020. Valuation reports at March 2020 typically identified a need to consider potential impairments in future periods, and this year’s valuations, including the separate report on assets not valued in the year prepared by the Council’s valuer, may reflect more significant movements. The Council will need to consider the approach to its valuation (including any changes as a result of the pandemic). The Council will also need to consider whether there are any indications of impairment of assets requiring adjustment at 31 March 2021.
Expected credit losses and other bad debt provisions	The Council will need to consider the level of provision required for expected credit losses under IFRS 9 and whether Covid-19 has had any impact on this.
Accounting for Covid-19 response measures	One of the main elements of the response to Covid-19 which will have specific accounting considerations are the Covid-19 grants that the Council has received. CIPFA have published guidance on accounting for Covid-19 grant income, and specific consideration will need to be given as to whether the Council is acting as the principal or agent in relation to the various grants. The Council has prepared an assessment of Covid-19 grant income and the proposed treatment which we will review in due course.
Narrative and other reporting issues	The following areas will need to be considered by the Council: • Narrative reporting, as well as the usual reporting requirements, will need to explicitly cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability. • Reporting judgements and estimation uncertainty, the Council will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities. We will review the draft accounts in light of these considerations and raise comments and feedback with management.
Events after the reporting period and relevant disclosures	Events are likely to continue to move swiftly, and the Council will need to consider the events after the Reporting Period and whether these events will be adjusting or non-adjusting and make decisions on a transaction by transaction basis.

Materiality

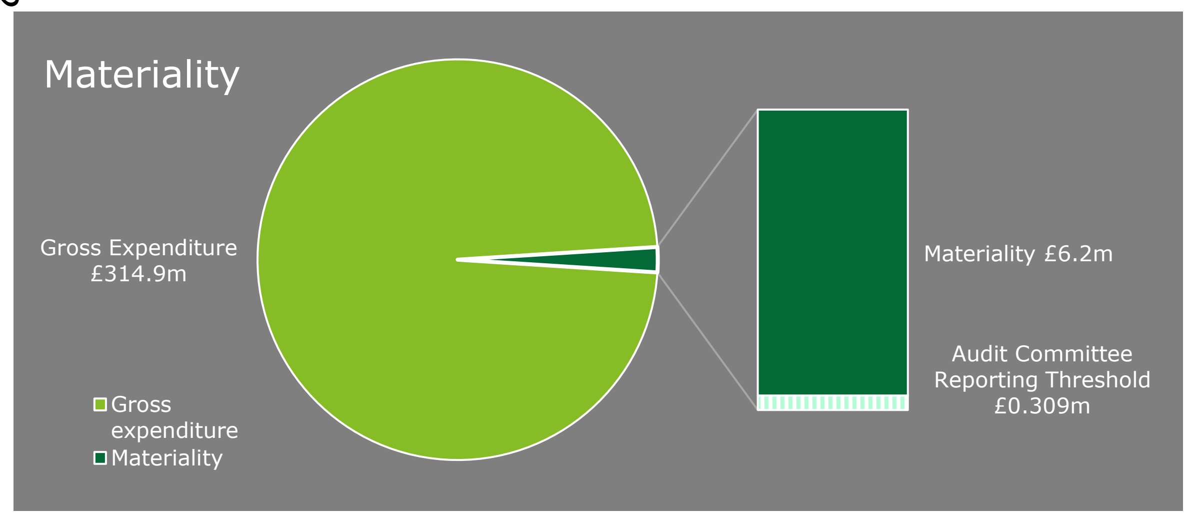
Our approach to materiality

Basis of our materiality benchmark

- The audit partner has determined planning materiality as £6.2m (£6.2m in 2019/20), based on professional judgement, the requirement of auditing standards and the financial measures most relevant to users of the financial statements.
- We have used 1.97% of total gross expenditure based on the draft 2020/21 accounts as the benchmark for determining materiality.
- We will re-visit the determined materiality based on review of final outturn information when available.

Reporting to those charged with governance

- We will report to you all misstatements found in excess of £0.3m (£0.3m in 2019/20).
- We will report to you misstatements below this threshold if we consider them to be material by nature.



Although materiality is the judgement of the audit partner, the Audit and Governance Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.

Your control environment

What we consider when we plan the audit

We expect management and those charged with governance to recognise the importance of a strong control environment and take proactive steps to deal with deficiencies identified on a timely basis.

Responsibilities of management

Auditing standards require us to only accept or continue with an audit engagement when the preconditions for an audit are present. These preconditions include obtaining the agreement of management and those charged with governance that they acknowledge and understand their responsibilities for, amongst other things, internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Audit and Governance Committee

The Audit and Governance Committee is responsible for:

- Reviewing the internal control and risk management systems (unless expressly addressed by separate board risk committee).
- Explaining what actions have been, or are being taken to remedy any significant failings or weaknesses.

As stakeholders tell us that they too wish to understand how external audit challenges and responds to the quality of an entity's control environment, we are seeking to enhance how we plan and report on the results of the audit in response. We will be placing increased focus on how the control environment impacts the audit, from our initial risk assessment, to our testing approach and how we report on misstatements and control deficiencies.

Reliance on controls	We evaluate the design and test the implementation of key controls for the audit. We have historically not adopted a control reliant approach. We continue to review the approach as part of our risk assessment which for 2020/21 is still in progress although we note previous control deficiencies have been raised that may limit the ability to rely on controls. In accordance with revisions to ISAs, we will assess inherent risk and control risk associated with accounting estimates, and seek to test the design and implementation of controls relevant to key estimates.
Performance materiality	We set performance materiality as a percentage of materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed materiality. We determine performance materiality, with reference to factors such as the quality of the control environment and the historical error rate. Where we are unable to rely on controls, we may use a lower level of performance materiality.

Significant risks – statement of accounts

Our risk assessment process

We consider a number of factors when deciding on the significant audit risks. These factors include:

- the significant risks and uncertainties previously reported in the narrative report and financial statements;
- the IAS 1 critical accounting estimates previously reported in the annual report and financial statements;
- our assessment of materiality; and
- the changes that have occurred in the business and the environment it operates in since the last annual report and financial statements.

Deloitte view

IAS 1 requires entities to make disclosures about the assumptions it has made about the future and other major sources of estimation uncertainty at the year end that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

If a matter does not meet this criterion, it should not be included in the disclosure on sources of estimation uncertainty.

We recommend the Council re-examine whether the estimates it disclosed in the prior year meet this criterion.

IAS 1 Critical judgements and accounting estimates as disclosed in the draft 2020/21 accounts

Judgements:

- None

Estimates:

- Property, Plant and Equipment (PPE) valuations
- Pension liability valuation

As noted earlier, the draft disclosure will be reviewed as part of the audit.

Prior year significant risks

- Valuation of PPE
- Capitalisation of expenditure
- Management override of controls

Current Year Developments

- Continued expansion of planned capital projects
- Impact of Covid-19
- Risks around future levels of funding

Significant audit risks

Risk 1 – Property Valuation

Risk identified

The Council held a property portfolio comprised of other land and buildings of £327.8m at 31 March 2021 (£298.9m at 31 March 2020) and surplus assets of £63.2m (£73.1m at 31 March 2020) which are required to be recorded at current or fair value at the balance sheet date. The authority also holds £94.7m (31 March 2020: £96.2m) of commercial investment property.

The property portfolio is divided into five key asset categories. The Council's practice is to obtain a specific valuation on one of the five asset categories at the start of the year on a cyclical basis. This approach leads to the full asset portfolio being evaluated within each five-year period. For 2020/21, the in-scope section of the portfolio for full revaluation is the specialised properties such as leisure centres, libraries and car parks. In addition to this specific exercise the Council also obtains advice as to whether there has been a material change in the period up to the balance sheet date based on indices. For Other Land and Buildings and Surplus Assets, there is both the roll forward of the assets valued at the start of the year and an assessment of whether all assets not revalued in the year could have moved materially and need to be adjusted. Both of these areas will be considered in the audit. Any changes based on index factors are then applied to the total asset base. Investment properties are revalued to fair value every year.

Key judgements include:

- Whether there has been a material change since the date of the last valuation; and
- Adjusting valuations for any Covid-19 impacts in particular in relation to commercial investment property.

We note the Council intend to use the same valuation expert as 2019/20 - Kempton Carr Croft ("KCC").

We have identified that there will be significant risks in relation to this area. This will be refined further based on review of valuation, discussion with our specialist and consideration of the outcomes of this. We will communicate our final assessed risk to the next Audit and Governance Committee.

Our response

We will test the design and implementation of key controls in place around the property valuation, including how the Council assures itself that there are no material changes in value for the assets not covered by the annual valuation.

We will obtain an understanding of the approach adopted to the valuation, including assessing the valuer's qualifications, objectivity and independence and reviewing the methodology used.

We will use our valuation specialists, Deloitte Real Estate, to review the methodology and approach and to challenge the appropriateness of the year-end valuation, focusing on the key subjective inputs. We will use this to challenge whether the valuation movements are consistent with expectations seen in other data regarding the property market.

We will test a sample of inputs to the valuation.

We will test a sample of revalued assets and reperform the calculation of the movement to be recorded in the financial statements to check that it was correctly recorded.

Significant audit risks

Risk 2 – Capital Expenditure

Risk identified

As part of the Medium Term Financial Strategy, the Council has a substantial capital programme of £233m over the next four years. The capital programme included £56.6m spend budgeted for 2020/21. The draft accounts disclose capital additions of £23.5m in the year. We note the figure has been subject to slippage versus budget and versus 2019/20 (additions of £56.6m) due to the impact of Covid-19.

Determining whether or not expenditure should be capitalised can involve judgement as to whether costs should be capitalised under International Financial Reporting Standards.

As capital expenditure is depreciated over time, there is an incentive for officers to misclassify revenue expenditure as capital to enhance financial performance results. We have therefore identified a risk that revenue expenditure is classified as capital expenditure as a fraud risk in the financial statements.

We note our risk assessment continues to be underway and that this risk may develop as we go through the detail. We will report to the Audit and Governance Committee our final assessed risk but certainly expect a significant risk to be identified in this area.

Our response

We will test the design and implementation of controls around the capitalisation of costs.

We will select a sample of capital items (including REFCUS) to test whether they have been appropriately capitalised in accordance with the accounting requirements. This sample will include Assets Under Construction.

Significant risks

Risk 3 – Management override of controls

Risk identified

In accordance with ISA 240 (UK and Ireland) management override of controls is a presumed significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Authority's controls for specific transactions.

The key judgments in the financial statements are those which we have selected to be the significant audit risks; capitalisation of expenditure and valuation of the Authority's estate. These are inherently the areas in which management has the potential to use their judgment to influence the financial statements.

Our response

In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:

- We will risk assess journals and select items for detailed follow up testing. We do this by using computer-assisted profiling to identify journals which have characteristics of increased interest. We will then test the appropriateness of journal entries selected through this profiling activity, and other adjustments made in the preparation of financial reporting.
- We will review accounting estimates for evidence of bias that could, in aggregate, result in material misstatements due to fraud. Other areas of estimation in addition to the above include provisions and estimation of depreciation based on a selection of useful economic lives.
- We will obtain an understanding of the business rationale of significant transactions that we become aware of that are outside of the normal course of business for the entity, or that otherwise appear to be unusual, given our understanding of the entity and its environment.
- We will consider whether the conditions resulting from Covid-19 impact the level of risk associated with potential frauds and adjust our procedures accordingly.

Area of audit interest

Valuation of the Council’s share of the Royal County of Berkshire Pension Fund Net Liability

Risk identified	The net pension liability is a material element of the Council’s balance sheet. The Council both the administering authority and is an admitted body of the Royal County of Berkshire Pension Fund. The valuation of the Scheme relies on a number of assumptions, including actuarial assumptions, and actuarial methodology which results in the Council’s overall valuation. Furthermore there are financial and demographic assumptions used in the calculation of the Council’s valuation – e.g the discount rate, inflation rates, and mortality rates. These assumptions are required to reflect the profile of the Council’s employees, and need to be based on appropriate data. Whilst we do not identify a significant risk in relation to this area, there is a risk that the assumptions and methodology used in the valuation of the Council’s pension obligation are not calculated on the correct basis.
Our response	We evaluate the competency, objectivity and independence of Hymans Robertson the actuarial specialist; We review the methodology and appropriateness of the assumptions used in the valuation, utilising a Deloitte actuarial specialist to evaluate the assumptions used; The RBWM audit team receive an assurance letter from the Pension Fund audit team. The Pension Fund audit team have set out their audit plan in the accompanying document issued to this committee. We will provide an update on this balance in our final report to the Audit and Governance Committee

Value for money

There is a new Code of Audit Practice for 2020/21 onwards. The Code is applicable to NHS Trusts and Foundation Trusts, CCGs, and Local Authorities. This introduces significant changes to the requirements around Value for Money (the arrangements to secure economy, efficiency, and effectiveness in the use of resources). The NAO issued Auditor Guidance Note 03 (AGN03), Value for Money, in October 2020 setting out more detailed guidance on how the new requirements should be implemented. Key features of the requirements include:

- For all bodies, the auditor will need to provide a public narrative commentary against the Value for Money criteria in a new "Auditor's Annual Report" (AAR), to be issued alongside the audit opinion for Local Authorities. This commentary will include a summary against each of the reporting criteria, setting out the work undertaken, and judgements and local context relevant to the findings. This commentary needs to be supported by more extensive work to understand the body's arrangements to secure economy, efficiency and effectiveness, to support this commentary and to identify whether there are risks of significant weaknesses in arrangements.
- If a risk of significant weaknesses is identified, additional work is required to determine whether there are significant weaknesses and to make relevant recommendations if this is the case on a timely basis, which will also be explained in the Auditor's Annual Report. The AAR will also include follow up on previous recommendations in respect of significant weaknesses and whether they've been implemented satisfactorily. The audit opinion will continue to include reporting by exception, though now this will be where the auditor has identified a significant weakness in arrangements rather than an overall conclusion on arrangements. The three criteria that would be considered in Value for Money work are be:

  - Financial sustainability: How the body plans and manages its resources to ensure it can continue to deliver its services;
  - Governance: How the body ensures that it makes informed decisions and properly manages its risks; and
  - Improving economy, efficiency and effectiveness: How the body uses information about its costs and performance to improve the way it manages and delivers its services.

We will:

- Undertake VfM planning work under the revised procedures.
- As the detailed impact on scope becomes clearer, we will discuss and agree the impact of the required scope changes with management.
- We draw the Committee's attention to the exceptions reported in our summary report on the 2019/20 audit that will be areas of risk of significant weakness explicitly considered as part of our 2020/21 evaluation.

Note on timing of Auditor's Annual Report

Under a revision to AGN 03 issued in April 2021 in response to the Covid pandemic, the NAO confirmed that for local authorities, the deadline for submission of the final AAR is "no more than three months after the date of the opinion on the financial statements." We would not expect to have concluded all the work required for this at the same time of signing the financial statements. This means that completion of the audit certificate at the point of signing the financial statements is likely to be delayed. This will be included in our audit report on the financial statements. We will need to satisfy ourselves as to whether there are any significant weaknesses as this, plus the associated recommendations, need to be included in the audit report on the statement of accounts.

Reporting hot topics

Increased focus on quality reporting

Deloitte view

The expectations of corporate reporting, reflected in the FRC's monitoring and enforcement priorities, are increasing. While the focus is primarily on corporates, we highlight these areas where improved disclosures would help meet stakeholder expectations.

The potential impacts of Brexit

Depending upon events, organisations may be preparing annual reports against the backdrop of continued uncertainty around the UK's future relationship with the EU. Even with a deal, the future basis of UK-EU trade will affect the longer-term viability period of 3-5 years and a longer consideration of prospects.

ACTION: Depending upon events, we would expect to see annual reports reflecting at least:

- relevant risks and uncertainties, and actions taken to manage those risks; and
- consideration whether any impact on critical accounting judgements and areas of estimation uncertainty.

Climate-related risks

The report by the Intergovernmental Panel on Climate Change (IPCC) has made it clear that prompt and decisive action on climate change is required from governments, businesses and individuals alike.

The recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD) are gaining momentum. The government has proposed mandatory TCFD disclosures by 2022, and the FRC is undertaking a major review of how organisations assess and report the impact of climate change. The FRC expects organisations to disclose how they have taken climate change into account in assessing the resilience of the business model, its risks, uncertainties and viability both in immediate and longer term.

Investors are challenging companies that are not factoring the effects of the Paris Climate Agreement into their critical accounting judgements and are not disclosing comprehensively these judgements, assumptions, sensitivities and uncertainties.

ACTION: In line with best practice, we recommend the Council clearly articulate how your organisation is addressing climate change e.g.

- whether this is a principal risk and how it is being managed; and
- its impact on the business model and the key assumptions and projections in impairment reviews and valuations (including in assessing remaining asset lives).
- Climate related risks may have a particular impact on valuations especially property assets valued on a modern equivalent asset basis where future hypothetical sites may now be constructed differently or for a different cost in light of climate change awareness.

Revisions to auditing standards coming into effect

ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures

Since 2015, the International Auditing and Assurance Standards Board (IAASB) has sought to identify audit issues relating to accounting estimates for financial institutions and other entities. Initially, this focused on the impact of IFRS 9 *Financial Instruments*, because it would fundamentally change the way that banks and other entities account for loan assets and other credit exposures.

However, the IAASB concluded that most, if not all, issues identified for expected credit losses would be equally relevant when auditing other complex accounting estimates. Accordingly, a holistic revision of ISA 540 was undertaken and the new standard takes effect for periods commencing on or after 1 January 2020. For local authorities, this will be March 2021 year ends and later.

We summarise on the next few slides how this will impact our audit.

We note there have also been updates to ISA 570 on going concern and Practice Note 10 from the FRC that assists auditors in the application of ISA 540, 570 and other auditing standards in the Public Sector. ISA 540 is the most impactful as explained in the following table.

> *"There is a clear need to update ISA 540 to support better quality audits of increasingly complex accounting estimates"*
>
> FRC letter to the IAASB, July 2017

Area of change	Impact on our audit	Impact on the officers
Assessment of oversight and governance relating to estimates	In connection with our planning work to understand the entity and its environment, including internal control, we will specifically inquire regarding management's processes, and the oversight and governance of those processes relating to accounting estimates. Key areas of estimation include (but are not limited to) pensions valuations, property valuations and any material year end provisions.	You will need to consider the adequacy of your processes and controls over estimates, and documentation thereof.

Revisions to auditing standards coming into effect

ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures

Area of change	Impact on our audit	Impact on the officers
Identification of inherent risk factors; separate assessment of inherent risk and control risk. Objectives-based work effort requirements.	Recognising a spectrum of inherent risk, we will assess risks of material misstatement in estimates with reference not only to estimation uncertainty, but also complexity, subjectivity or other inherent risk factors, and the interrelationship among them. We will specifically assess control risk relating to estimates, which may require us to evaluate the design and determine implementation of an increased number of internal controls. Our subsequent audit procedures will be responsive to this assessment, and designed to obtain evidence around the methods, significant assumptions, data and (where applicable) the selection of a point estimate and related disclosures about estimation uncertainty.	You will need to provide clear documented rationale for (a) the selection and application of the method, assumptions and data in making the accounting estimate, including any changes in the current year, and controls relating to those aspects; and/or (b) the selection of a point estimate and related disclosures for inclusion in the financial statements.
Enhanced “stand back” requirement, to evaluate the audit evidence obtained.	We will specifically design our procedures, to enhance our application of professional scepticism, so that they are not biased towards finding corroborative evidence; our overall evaluation of the evidence obtained will weigh both corroborative and contradictory evidence.	You should expect more challenge of the evidence provided in support of accounting estimates, use of external data sources and your consideration of contradictory evidence.

Revisions to auditing standards coming into effect

ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures

Area of change	Impact on our audit	Impact on the officers
Enhanced requirements about whether disclosures are “reasonable” .	The extant ISA 540 required us to evaluate whether disclosures were “adequate”. The change to “reasonable” will involve greater consideration of the overall meaning conveyed through disclosures. For example, where estimation uncertainty associated with an estimate is multiple times materiality, we will consider whether the disclosures appropriately convey the high degree of estimation uncertainty and the range of possible outcomes.	You should expect more challenge on disclosures relating to estimates, particularly for where you have selected a point estimate from a range and those with high estimation uncertainty.
New requirements when communicating with those charged with governance.	In accordance with ISA (UK) 260 and ISA (UK) 265, our communications from the audit have included significant qualitative aspects of your accounting practices and significant deficiencies in internal control. With the revised ISA (UK) 540, these communications will specifically include matters regarding accounting estimates and take into account whether the reasons for our risk assessment relate to estimation uncertainty, or the effects of complexity, subjectivity or other inherent risk factors.	You should expect increased reporting in relation to accounting estimates within our ISA 260 report to the Audit and Governance Committee at the end of the audit.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to establish our respective responsibilities in relation to the audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes our audit plan, including key audit judgements and the planned scope.

What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by officers or by other specialist advisers.

Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the statement of accounts and the other procedures performed in fulfilling our audit plan.

Use of this report

This report has been prepared for the Audit and Governance Committee , as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.

Other relevant communications

We will update you if there are any significant changes to the audit plan.

Deloitte LLP

Deloitte LLP

St Albans | 27 July 2021

Appendix 1 - Fraud responsibilities and representations

Responsibilities explained

Your Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with officers and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Our Responsibilities:

- We are required to obtain representations from your officers regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the statement of accounts as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified the risk of valuation of land and buildings, capital expenditure and management override of controls as key audit risks for your organisation.

Fraud Characteristics:

- Misstatements in the statement of accounts can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the statement of accounts is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

We will request the following to be stated in the representation letter:

- We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
- We have disclosed to you the results of our assessment of the risk that the statement of accounts may be materially misstated as a result of fraud.
- We are not aware of any fraud or suspected fraud / We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity or group and involves:
  - (i) officers;
  - (ii) officers who have significant roles in internal control; or
  - (iii) others where the fraud could have a material effect on the statement of accounts.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's statement of accounts communicated by officers, former officers, analysts, regulators or others.

Appendix 1 - Fraud responsibilities and representations

Inquiries

We will make the following inquiries regarding fraud:

Management:

- Management's assessment of the risk that the statement of accounts may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.
- Management's process for identifying and responding to the risks of fraud in the entity.
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity.
- Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.
- Whether officers have knowledge of any actual, suspected or alleged fraud affecting the entity.
- We plan to involve officers from outside the finance function in our inquiries.

Internal audit

- Whether internal audit has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.

Those charged with governance

- How those charged with governance exercise oversight of officers' processes for identifying and responding to the risks of fraud in the entity and the internal control that officers have established to mitigate these risks.
- Whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting the entity.
- The views of those charged with governance on the most significant fraud risk factors affecting the entity.

Appendix 2 - Independence and fees

Independence

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Council and will reconfirm our independence and objectivity to the Audit and Governance Committee for the year ending 31 March 2021 in our final report to the Audit and Governance Committee .
Fees	As we continue to finalise the 2019/20 audit (see Final Report), we have not yet finalised the fee for that audit. Once this amount has been determined, the fees will be set for the 2020/21 audit. We continue to discuss this with management and will report the final fee position to the July committee. We would anticipate this being an increased fee in excess of the scale fee. The scale fee for the Council audit set by PSAA is £62,988. There are no non-audit fees.
Independence monitoring	In our opinion there are no inconsistencies between the FRC's Ethical Standard and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We have no other relationships with the Authority, its members, officers and affiliates, and have not supplied any services to other known connected parties.

Appendix 3 – Prior year findings, control recommendations and uncorrected misstatements

Our final report to the Audit and Governance Committee on the 2019/20 audit provided to the May meeting contains the details of our findings, control recommendations and uncorrected misstatements identified during the course of that audit. As these papers have been recently presented to the Audit and Governance committee, the detail has not been duplicated here.

It is our intention to provide to the next Audit and Governance Committee a paper summarising the findings that impact the 2020/21 audit including notes on our current year progress in investigating those findings and a commentary on whether any of the findings have been addressed by management

Appendix 4 - Our approach to quality

AQR team report and findings

Audit quality remains our number one priority and we have a relentless commitment to it. We continue to invest in and enhance our Audit Quality Monitoring and Measuring programme.

In July 2020 the Financial Reporting Council ("FRC") issued individual reports on each of the seven largest firms, including Deloitte, on Audit Quality Inspections providing a summary of the findings of its Audit Quality Review ("AQR") team for the 2019/20 cycle of reviews.

We greatly value the FRC reviews of our audit engagements and firm wide quality control systems, a key aspect of evaluating our audit quality.

We are pleased with our results for the inspections of FTSE 350 entities achieving 90% assessed as good or needing limited improvement, which included some of our highest risk audits. Our objective is for 100% of our audits to be assessed as good or needing limited improvement and we know we still have work to do in order to meet this standard. We are however, extremely disappointed one engagement received a rating of significant improvements required during the period. This is viewed very seriously within Deloitte and we have worked with the AQR to agree a comprehensive set of swift and significant firm wide actions.

We are also pleased to see the impact of our previous actions on prior year adjustments is reflected in the results of current year inspections with no findings in this areas. In addition the FRC identified good practice examples including in: risk assessment, group oversight, our comprehensive IFRS9 expected credit loss audit programme and our audit committee reporting.

Embedding a culture of challenge in our audit practice underpins the key pillars of our audit strategy. We invest continually in our firm wide processes and controls, which we seek to develop globally, to underpin consistency in delivering high quality audits whilst ensuring engagement teams exercise professional scepticism through robust challenge.

All the AQR public reports are available on its website. https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports

Our approach to quality

AQR team report and findings

The AQR’s 2019/20 Audit Quality Inspection Report on Deloitte LLP

“We reviewed 17 individual audits this year and assessed 13 (76%) as requiring no more than limited improvements. Of the ten FTSE 350 audits we reviewed this year, we assessed nine (90%) as achieving this standard.”

“We have highlighted in this report aspects of firm-wide procedures which should be improved, including strengthening the monitoring of the firm’s audit quality initiatives.”

“Our key findings related principally to the need to:

- Improve the extent of challenge over cash flow forecasts in relation to the impairment of goodwill and other assets.
- Enhance the effectiveness of substantive analytical review and other testing for revenue.
- Improve the assessment and extent of challenge regarding management’s estimates, particularly for model testing.”

“The firm has taken steps to address the key findings in our 2019 public reports, with actions that included focused training and standardising the firm’s audit work programs.

We have identified improvements, for example in the audit of potential prior year adjustments and related disclosures, a key finding last year. We also identified good practice in a number of areas of the audits we reviewed (including effective group oversight and robust risk assessment) and in the firm-wide procedures (including the firm’s milestone program, with expected dates for the phasing of the audit monitored by the firm).”

Our approach to quality

AQR team report and findings

Improve the extent of challenge over cash flow forecasts in relation to the impairment of goodwill and other assets.

How we have addressed this area as a firm

- We expanded the scope of our impairment centre of excellence consultation requirement to include material intangible assets and property, plant and equipment balances where the valuation is supported by a value-in-use calculation, for FTSE 350 entities or other PIEs where there is a significant risk.
- We have also expanded the requirements when certain criteria are met, such as the engagement being considered higher risk, to include a further consultation and review by the specialist of the conclusions and how planned actions have been addressed. This also ensures that appropriate prioritisation has taken place.
- The Audit Blueprint will also support audit teams to be able to more consistently flag issues with management, Boards and Audit Committees when it is clear that the company's information is not ready for audit in accordance with the agreed audit timetable.

In addition, we have taken, or are taking, the following supporting actions:

- We have updated our consultation template to reflect the most recent inspection findings. We also held training sessions in late 2019 for all the impairment specialists who perform the consultations, one of which was attended by the FRC, to share updates on recent inspection findings and areas to consider ahead of the December year-end consultations.
- We communicated the FRC findings to the wider audit practice via our monthly compulsory professional update in October 2019, which we record and distribute online and attendance is monitored. This included a presentation from the FRC inspection team.
- We discussed these enhanced requirements in a training session in January 2020 with all partners and practitioners who perform a quality review role, including those formally acting as Engagement Quality Control Reviewers.

Our approach to quality

AQR team report and findings

Enhance the effectiveness of substantive analytical review and other testing for revenue.

How we have addressed this area as a firm

To address this finding, we have done, or plan, the following:

- Included the approach to the audit of revenue as one of our Engagement Team Based Learning ‘on the job’ coaching sessions for the 2020 programme. These programmes tackle live audit matters and also gather teams after an audit to perform a learning debrief. Our intention is that focusing on the overall approach together as a team will ensure our teams understand transaction flows and together challenge the overall approach to ensure that tests are designed appropriately;
- We communicated in our monthly compulsory professional update in November 2019 the areas of challenge, and the FRC inspection team also presented their observations;
- In early 2020 we issued an updated practice aid for performing substantive analytical reviews, providing more guidance to those completing this work. This practice aid highlights the pitfalls identified in 2019/20 external inspections; and
- We plan to do a deep dive session as part of our monthly professional update on substantive analytical reviews in the summer, ahead of December year-end planning work. This will ensure that teams focus at the planning stage on whether substantive analytical review is appropriate, the independence of data sources and the overall body of evidence on revenue considering all elements of testing.

Our approach to quality

AQR team report and findings

Improve the assessment and extent of challenge regarding management's estimates, particularly for model testing.

How we have addressed this area as a firm

We are developing a guide which can be shared with audited entities to set out clear expectations of what is required from management in preparation for the audit of management estimates, and this is linked to our overall Audit Blueprint.

We are introducing a pilot of an additional document to capture in one place the partner-led challenge on management estimates at the end of the audit process, in advance of the implementation of ISA 540 revised which has a "step back" challenge.

In relation to the specific points noted by the FRC, we also highlight the following actions we have taken:

1. Given this was the first year of implementation of IFRS 9 and given the complexity of the expected credit loss estimates required under that standard, we were very pleased that the FRC considered the model audit programme that we developed to be of a high standard. We have continued to develop our audit approach to reflect the lessons we learned from our first year auditing expected credit losses including ensuring the findings raised by the FRC were addressed.

2. We have enhanced the audit training given to all specialists used in audits such as valuations, property, forensic accounting, insolvency, IT, pensions, tax and valuations in order to continually enhance those specialists knowledge of audit quality issues so that their specialist input is targeted accordingly and brings further challenge to the audit process.

3. We have increased the focus given to assessing the risks of material misstatement in the actuarial models used by life insurance companies and ensuring that the response to those risks is appropriate, whether performed by actuarial specialists or the core audit team.

4. We have provided additional guidance to teams on how to use independently developed ranges to assess the reasonableness of the estimates made by management.

The actions we have taken, in particular to enhance scepticism and challenge, will be ever more relevant as the impacts of COVID-19 further heighten the levels of estimation uncertainty which we have to address in audits.

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Royal County of Berkshire Pension Fund

Planning report to the Audit Committee for the year ended 31 March 2021

Issued 23 July 2021 for the meeting on 29 July 2021

Deloitte Confidential: Government and Public Services – For Approved External Use Only

Contents

36

01 Planning report

02 Appendices

Introduction

The key messages in this report:

We have pleasure in presenting our Planning Report to the Audit Committee (“the Committee”) for the 2021 audit of the Royal County of Berkshire Pension Fund (“the Fund”). We would like to draw your attention to the key messages of this paper:

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

Scope

Our principal audit objective is to obtain sufficient, relevant and reliable audit evidence to enable us to express an opinion on the statutory accounts of the Fund prepared under the Code of Practice on Local Authority Accounting (“the Code”) issued by CIPFA and LASAAC. We will be performing procedures to inform an opinion on the Fund accounts, which form part of the Council’s Statement of Accounts, and we will be performing procedures to inform an opinion on the consistency between those financial statements and the Pension Fund Annual report.

Additionally, we perform IAS19 procedures to support the local authority's audit of the pension liability in its statement of accounts.

Status of our 2020 audit

At the date of issue of this report, our audit of the pension Fund for the year ended 31 March 2020 is nearing completion and our final audit report for the 2020 audit was presented to you for consideration at the meeting on 17 May 2021. The audit opinion for 2020 can be signed on completion of the following points:

- Update of our subsequent events and going concern procedures; and
- Receipt of the signed representation letter.

Audit Quality

Our audit approach is tailored to providing the Audit Committee with an audit which is designed to provide assurance and insight over the Fund control environment.

Our audit quality is managed by using dedicated pension scheme audit specialists within the team. This is supplemented by our IT teams, actuary specialists and longevity swap valuation specialists. This structure allows us to challenge key judgements taken in the preparation of the financial statements.

We plan and deliver an audit that raises findings early with those charged with governance. This is underpinned by mutually agreed timetables, detailed audit request lists and frequent communications with management and the Audit Committee.

Introduction (continued)

The key messages in this report:

Key developments	As part of our audit planning procedures to date, we have held planning meetings with key members of management to develop our understanding. The key developments are: Across the year under audit, coronavirus (COVID-19) and Brexit have continued to cause disruption and volatility to financial markets. In line with the 2019/20 financial year, we will expect a discussion with management to assess the going concern of the Fund including the continuing impact of COVID-19 and impact of UK leaving the European Union. We have reviewed each of the key account balances as part of our 2021 risk assessment. The uncertainty in the property market has subsided and as a result we do not expect their to be a material uncertainty in the valuation of the pooled funds. Operationally we expect to complete the 2021 audit remotely and have discussed this approach with the Fund's management. We will remain alert that controls may be operating differently throughout our audit. We will be using our Deloitte portal for the secure transfer of audit information and have compiled a detailed schedule of information required as part of the audit. In addition, we will utilise Microsoft Teams to hold video calls to update our process documentation and will utilise the functionality to share screens and inspect audit information. We have good experience of delivering audits remotely and are fully prepared to react and adapt to COVID-19 restrictions.
Significant audit risks	As we continue to accumulate knowledge of the Fund we have developed our risk assessment so that our plan reflects those areas which we believe have a greater chance of leading to material misstatement of the financial statements. Based on procedures performed to date, we summarise below the areas of significant audit risk we have so far identified, these may be subject to change following completion or our remaining planning work. We will update the Committee on any changes to our risk assessment at the next meeting. The significant risks currently identified are: • Management override of controls; and • Valuation of the longevity swap. Auditing Standards include a presumption that management override of controls and revenue recognition are significant risks for all our audits. We have rebutted the presumption of risk of fraud in revenue recognition for the Fund, as we consider that there is little incentive or opportunity for revenue (including investment income, transfers and contributions) to be fraudulently misstated and therefore there is limited risk of material misstatement arising due to fraud in this area. Please refer to pages 12 and 13 for full details.

Introduction (continued)

The key messages in this report:

Significant issues identified last year

In our 2020 final audit report, we noted the following significant issues:

- A material error of £31.5m in the value of alternative funds arising from the absence of a controls to determine the valuation of stale price funds and to update the financial statements if new information came to light. We recommended that the Fund ensures controls within the financial reporting process are implemented such that the best estimate of the fair value of investments is used and that material changes to the investment balances are reflected in the financial statements;
- In our final report on the 2019 audit, we recommended that the Authority ensures that the longevity swap valuations provided by the actuary are reviewed and that the assumptions are understood and agreed before inclusion in the financial statements. Procedures performed during our 2020 audit revealed that, while the longevity swap valuation had been discussed with Barnett Waddingham, there was no formal control design documented and no recorded evidence of implementation of the control. We recommended that evidence of this review and assessment is clearly documented;
- We noted that administration system super-users have the access rights to edit their own member records and those of each other. Whilst any editing of the system can be reviewed, there is no formal review of this editing activity and no evidence was available of any other mitigating controls. We recommended that the IT system is updated to prevent super-users from editing their own records, that any editing of each other's records is checked by a third person, and that an annual review of the system audit report is conducted to ensure that this control is being implemented and evidenced;
- The Fund made an overnight loan to the Authority on the 27 June 2019 of £1.2m. The amount was returned to the Fund in full on the 28 June 2019. We recommended that the Fund does not enter into similar transactions in the future, at least not without appropriate consideration by those charged with governance and a breach has been reported to the Pensions Regulator;
- The design of the control for review of the financial statements did not include checking the draft statements to the underlying workings, nor was there evidence of formal review of this. We recommended that the design of the financial statement review control is amended to include checking to underlying working papers, the completion of a full CIPFA checklist, and is communicated clearly to all those involved in the preparation and review process; and
- The design of the control for review of journal postings does not include a formal description of the review process. There was no clear evidence available that a review took place through testing performed. We recommended that the design of the journal posting review control is amended to include a well defined scope. We also recommended that this amendment is communicated clearly to all those involved in the preparation and review process, and takes place in a timely manner before journals are posted to the accounting system.

The Fund's response to the above findings will be reviewed as part of this year's audit work.

Our audit explained

We tailor our audit to your fund:

Identify changes in your business and environment

Following our planning meetings with management, we have highlighted key developments on page 3.

Scoping

We perform an assessment of risk which includes considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address the risk of material misstatement and leads to the identification of our significant audit risks highlighted on page 4.

In our final report

In our final report to you we will inform you of any changes to, and conclude on, the significant risks identified in this paper, report to you our other findings, and detail those items we will be including in our audit report.

Determine materiality

For the 2021 audit we have calculated our financial statement materiality to be £23.6m. This is based on the latest 31 March 2021 draft financial statements. See page 11 for further details on how we established our materiality.

Significant risks assessment

Based upon our interaction with management and knowledge of the Fund and the industry, we have identified our significant audit risks for the 2021 audit and highlighted this on page 4. This is discussed in more detail in this report on pages 12 to 13.

Quality and Independence

We confirm we are independent of Royal County of Berkshire Pension Fund. We take our independence and the quality of the audit work we perform very seriously. Audit quality is our number one priority.

Continuous communication and reporting

Planned timing of the audit:

As the audit plan is executed throughout the year, the results will be analysed continuously and conclusions (preliminary and otherwise) will be drawn and initial comments from the interim and final visits will be shared with management as required. The following sets out the expected timing of our reporting to and communication with you.

Planning	**Interim**	**Year end fieldwork**	**Reporting activities**
• Planning discussions • Discussion of fraud risk assessment • Discussion of responses to prior year audit findings • Preliminary audit scoping based on prior year figures • Debrief on 2020 audit	• Update to risk assessment procedures • Document design and implementation of key controls and update understanding of key business cycles.	• Audit Financial Statements within the Authority's Statement of Accounts • Completion of testing on significant audit risks • Year-end closing meetings with management • Review of the Fund's Annual report for consistency with the financial statements and our knowledge of the Fund • Audit team presents planning report to the Committee	• Presentation of report and attendance at a Committee meeting • Audit de-brief on the 2021 audit • Reporting of significant control deficiencies • Signing audit reports in respect of Financial Statements • Responding to IAS 19 letter requests • Providing a consistency opinion on the final Fund annual report.
Audit Planning Report to the Audit Committee		Any additional reporting as required	Final report to the Committee
January - May 2021	**March - May 2021**	**June – September 2021**	**September 2021**

Ongoing communication and feedback

Impact of COVID-19 on our audit

Covid-19 outbreak - How is Deloitte responding?:

Deloitte have continued to monitor and manage our response to the COVID-19 situation in order to be able to respond as necessary. The health and safety of our people is paramount, but we are doing our utmost to ensure we can complete audits to required timetables. We summarise below how we are responding.

Impact on our audit and our response

We have Business Continuity Plan ('BCP') arrangements which align to ISO 22301. Our BCP for the firm has been enacted to consider and mitigate the impact of COVID-19 across our operations. The health and safety of our people and those we work with comes first. This includes the provision of advice and support to staff and associates, development of response plans, and upgrades to our IT infrastructure to increase capacity for secure remote working.

We have the capability to work remotely with our audited entities, utilising a number of collaboration tools, including Deloitte Connect (a tool that facilitates secure two-way dialogue between the Deloitte team and management to effectively manage engagement co-ordination) and MS Teams allowing us to collaborate and supervise activities.

We have adequate server capacity for all our people to work remotely and technological infrastructure such as Deloitte Connect that we have already been using with officers.

We are in regular contact with regulators as well as other Deloitte Member Firms to co-ordinate and understand the impact locally so we can execute global audits.

Impact of COVID-19 on our audit (continued)

COVID-19 outbreak - Impact on our audit

The first table below reflects some general considerations. The second table reflects some impacts specific to the local government context and how the Fund plans to respond to this.

Impact on the Fund	Impact on the Fund's Statement of Accounts	Impact on our audit
• Unavailability of personnel. • Increase in demand for some services and challenges in delivering such services	• Principal risk disclosures • Fair value measurements based on unobservable inputs • Changes to the fair value hierarchy disclosure of some investments • Events after the end of the reporting period • Consider the impact on the Fund's going concern assessment and consider the need to enhance disclosures with respect to going concern	• Focus on key areas of material change and uncertainty • We will review the Fund's going concern assessment and consider the adequacy of disclosures in the annual report and accounts with regards to going concern

43

Specific changes impacting local government and how the Fund audit plan will respond (bold text)

The publication date for final, audited, accounts has moved from 31 July to 30 September 2021 for all local authority bodies.

Discussions with management indicated the need to defer the original audit scheduling which aimed for the majority of work to be completed in July 2021.

This plan also assumes that third party reports such as the pension report from the actuary and investment manager reports are made available within this timeframe.

There will be disclosure requirements related to the impact of COVID-19.

Management are aware of this. We will evaluate the disclosures made by officers to determine whether they comply with the relevant disclosure requirements.

Audit is to be conducted remotely.

Our team will be using technology such as Microsoft Teams to facilitate the delivery of the audit whilst working remotely. We have an established practice with the finance team of transacting information over Deloitte Connect, our secure information storage portal, from last year's audit where we used this tool.

Potentially heightened risks of fraud.

The team have received extra training and will maintain professional scepticism. Management should also consider any gaps in the control framework under the current circumstances giving greater rise to fraud risk.

There may be material uncertainties to disclose in regard to property and other asset valuations.

We will evaluate this once the final valuation reports are provided.

Scope of work and approach

Our approach:

Liaison with internal audit

The Auditing Standards Committee's version of ISA (UK and Ireland) 610 "Using the work of internal auditors" prohibits use of internal audit to provide "direct assistance" to the audit. Our approach to the use of the work of Internal Audit has been designed to be compatible with these requirements.

We will review their reports and meet with them to discuss their work. We will discuss the work plan for internal audit, and where they have identified specific material deficiencies in the control environment we consider adjusting our testing so that the audit risk is covered by our work.

Using these discussions to inform our risk assessment, we can work together with internal audit to develop an approach that avoids inefficiencies and overlaps, therefore avoiding any unnecessary duplication of audit requirements on the Council's staff.

Approach to controls testing

Our risk assessment procedures will include obtaining an understanding of controls considered to be 'relevant to the audit'. This involves evaluating the design of the controls and determining whether they have been implemented ("D&I").

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

Promoting high quality reporting to stakeholders

We view the audit role as going beyond reactively checking compliance with requirements: we seek to provide advice on evolving good practice to promote high quality reporting.

We recommend the Fund completes the Code checklist during drafting of their financial statements.

Materiality

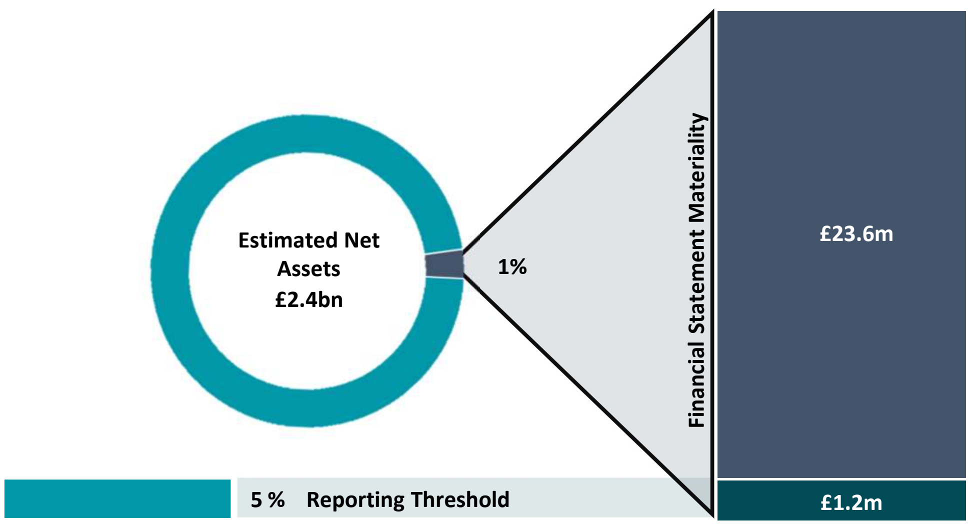
Our approach to materiality:

Basis of our materiality benchmark

- We have estimated financial statement materiality as £23.6m based on professional judgement, the requirement of auditing standards, and the net assets of the Fund. As we complete our remaining planning procedures, we will consider further, together with the Royal Borough of Windsor and Maidenhead audit team, whether any adjustment is required to the level of materiality applied to the Fund. If any changes are made to our assessment of materiality we will communicate those to the Audit Committee.
- We will apply a factor of 1% (compared with 1% for the 2020 audit) to the selected benchmark of Fund net assets. We have used the draft net assets value as at 31 March 2021 as per the latest draft financial statements provided for our testing.

Reporting to those charged with governance

- We will report to you all misstatements found in excess of 5% of materiality, we will report to you misstatements below this threshold if we consider them to be material by nature.
- We will review materiality across our 2021 audit, and report any changes to those charged with governance in our subsequent audit reports.
- Materiality calculation: Although materiality is the judgement of the audit partner, the Committee members must be satisfied the level of materiality chosen is appropriate for the scope of the audit.



Significant Risks

Management override of controls:

Risk identified

In accordance with ISA 240 (UK) management override is always a significant risk for financial statement audits. The primary risk areas surrounding the management override of internal controls are over the processing of journal entries and the key assumptions and estimates made by management.

Deloitte response management override of controls risk identified

In order to address the significant risk our audit procedures will consist of the following:

- Use Spotlight, our data analytics software, in our journals testing to interrogate 100% of journals posted by the Fund. This uses intelligent algorithms that identify higher risk and unusual items;
- Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Perform a walkthrough of the financial reporting process to identify the controls over journal entries and other adjustments posted in the preparation of the financial statements;
- Test the design and implementation of controls around the journals process and investment and disinvestment of cash during the year;
- Review of related party transactions and balances to identify if any inappropriate transactions have taken place;
- Review the accounting estimates for bias, that could result in material misstatement due to fraud, including whether any differences between estimates best supported by evidence and those in the financial statements, even if individually reasonable, indicate a possible bias on the part of management; and
- We will consider whether the conditions resulting from COVID-19 impact the level of risk associated with potential frauds and adjust our procedures accordingly.

Significant Risks (continued)

Valuation of the longevity swap:

Risk identified

The Fund holds a material longevity swap to hedge longevity risk. A longevity swap is designed to insure the Fund against the risk that pensioners live longer than the current mortality assumptions. Valuation of longevity swaps are sensitive to relatively small movements in the key assumptions used in the actuarial calculations. The setting of these assumptions involves judgement. Based on last year's draft financial statements the value was (£123.9m) and we expect the value to be material in size this year.

As a result of this we consider the valuation of the longevity swap to be a significant risk.

Deloitte response to the risk identified

In order to address this area of significant audit risk, we will perform the following audit procedures:

- Perform an assessment of the actuarial expert in respect of their knowledge and experience in this area;
- Test the design and implementation of the key controls with respect to the valuation of the longevity swap;
- Obtain a valuation report directly from the actuary and reconcile this to the financial statements disclosure;
- Review the underlying documentation for the policy, including the population covered, the assumptions and other key inputs used in the calculation, and the agreed cash flows;
- Engage in-house actuarial specialists to challenge and assess the reasonableness of the valuation of the policy based on the underlying terms of the contract and the forecast cash flows; and
- Compare our expectation of the value with that reported by the actuary, investigating any differences identified that are outside the range of results that we consider to be reasonable.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties:

What we report

Our respective responsibilities are set out in "PSAA Statement of responsibilities of auditors and audited bodies: Principal Local Authorities and Police Bodies." The responsibilities of auditors are derived from statute, principally the Local Audit and Accountability Act 2014 and from the NAO Code of Audit Practice. The responsibilities of audited bodies are derived principally the Local Audit and Accountability Act 2014 and from the Accounts and Audit Regulations 2015.

Our report is designed to communicate our preliminary audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes our preliminary audit plan, including key audit judgements and the planned scope.

Use of this report

This report has been prepared for the Audit Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

What we don’t report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the Fund.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by officers or by other specialist advisers.

Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the statement of accounts and the other procedures performed in fulfilling our audit plan.

Other relevant communications

We will update you if there are any significant changes to the audit plan.

Deloitte LLP

Jonathan Gooding

for and on behalf of Deloitte LLP

St Albans | 23 July 2021

Appendix 1: Fraud responsibilities and representations

Responsibilities explained:

Your Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and the Committee, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Our responsibilities:

- We are required to obtain representations from your management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified the management override of controls and the valuation of the longevity swap as the key audit risks for the Fund.

Fraud Characteristics:

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

We will request the following to be stated in the representation letter signed on behalf of the Committee:

- We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We are not aware of any fraud or suspected fraud / We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity or group and involves:
  - (i) management;
  - (ii) employees who have significant roles in internal control; or
  - (iii) others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix 1: Fraud responsibilities and representations

Inquiries:

We will make the following inquiries regarding fraud:

Management:

- Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.
- Management's process for identifying and responding to the risks of fraud in the entity.
- Management's communication, if any, to the Committee regarding its processes for identifying and responding to the risks of fraud in the entity.
- Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.
- Whether management has knowledge of any actual, suspected or alleged fraud affecting the entity.
- We plan to involve management from outside the finance function in our inquiries.

Internal audit

- Whether internal audit has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.

The Committee

- How the Committee exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.
- Whether the Committee has knowledge of any actual, suspected or alleged fraud affecting the entity.
- The views of the Committee on the most significant fraud risk factors affecting the entity.

Appendix 2: Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Fund and will reconfirm our independence and objectivity to the Committee for the year ended 31 March 2021 in our final report to the Committee.
Fees	The audit scale fee for the year ended 31 March 2021 is £19,120 however this is subject to change. In line with recent PSAA correspondence that scale fees should be negotiated by individual s151 officers, we are in discussion with the Fund regarding the current level of fee which we deem to be too low given the size and complexity of the body. Our fees for issuing IAS 19 assurance letters to other auditors in respect of participating employers are not included in the above audit fee. We have estimated a fee of £2,500 per letter, which totals £15,000 for our 2021 audit. The above fees exclude VAT and include out of pocket expenses.
Non-audit fees	In our opinion there are no inconsistencies between the FRC's Ethical Standard and the Fund's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Independence monitoring	We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Ethical Standard 2019	The FRC has released the Ethical Standard 2019. The standard classes pension schemes as 'other entities of public interest ' where assets are greater than £1bn and there are more than 10,000 members. As a result, non audit services will be limited primarily to reporting accountant work, audit related and other regulatory and assurance services. All other advisory services to these entities, their UK parents and world-wide subs will be prohibited.
Relationships	We have no other relationships with the Authority, its members, officers and affiliates, and have not supplied any services to other known connected parties.

Appendix 3: Our approach to quality

Responding to challenges in the current audit market:

This is a time of intense scrutiny for our profession with questions over the role of auditors, market choice and the provision of non-audit services by an audit firm. We welcome the debate and are engaging fully with all parties who have an interest in the current audit market reform initiatives, so that our profession, our people, our clients and most importantly, the public interest, are served to the highest standards of audit quality and independence.

The role of audit	• Public confidence in audit has weakened over recent years and the expectation gap has widened with differences between what an audit does and what people think it should do (largely in areas of internal controls, fraud, front half assurance and long term viability) • Deloitte fully supports an independent review into the role of auditors • The Government's Brydon Review will consider UK audit standards and how audits should evolve
Would it be better to have audit only firms?	• Deloitte believes that multidisciplinary firms have more knowledge, greater access to technology and a deeper talent pool. The specialist input from industry, valuation, controls, pensions, cyber, solvency, IT and tax services are critical to an effective audit • Our investment in audit innovation, training and technology is greater because of the multidisciplinary model
Is the current audit market uncompetitive?	• We recognise that the competition for large, complex clients is fierce, but we wholeheartedly support greater choice being available to stakeholders • There are barriers to entry in the listed market that are significant including the required global reach, unlimited liability, and the high cost of tendering • The audit profession has engaged with the Competition and Markets Authority with ideas on how to provide greater choice in the market, and responded to the CMA's suggested market remedies
Independence and conflicts from other services	• Legislation and the FRC's Ethical Standard restrict the services we may provide to audit clients • Deloitte invests heavily in systems, processes and people to check for potential conflicts • We have governance in place to assess any areas of potential conflict, including where required to protect the public interest • Fees for non-audit services to audit clients have fallen since 2008 (17% to 7.3% of firm revenue)
Deloitte	• Deloitte and Audit Service Line leadership are happy to meet the Board and management of our clients with respect to this important debate. We reaffirm our commitment to quality, independence and upholding the public interest • Our Impact Report and Transparency Report are available on our website https://www2.deloitte.com/uk/en/pages/about-deloitte-uk/articles/annual-reports.html • Our response to the latest AQR report is on page 19.

Appendix 3: Our approach to quality

AQR team report and findings:

53

Audit quality remains our number one priority and we have a relentless commitment to it. We continue to invest in and enhance our Audit Quality Monitoring and Measuring programme.

In July 2020 the Financial Reporting Council ("FRC") issued individual reports on each of the seven largest firms, including Deloitte, on Audit Quality Inspections providing a summary of the findings of its Audit Quality Review ("AQR") team for the 2019/20 cycle of reviews.

We greatly value the FRC reviews of our audit engagements and firm wide quality control systems, a key aspect of evaluating our audit quality.

We are pleased with our results for the inspections of FTSE 350 entities achieving 90% assessed as good or needing limited improvement, which included some of our highest risk audits. Our objective is for 100% of our audits to be assessed as good or needing limited improvement and we know we still have work to do in order to meet this standard. We are however, extremely disappointed one engagement received a rating of significant improvements required during the period. This is viewed very seriously within Deloitte and we have worked with the AQR to agree a comprehensive set of swift and significant firm wide actions.

We are also pleased to see the impact of our previous actions on prior year adjustments is reflected in the results of current year inspections with no findings in this areas. In addition the FRC identified good practice examples including in: risk assessment, group oversight, our comprehensive IFRS9 expected credit loss audit programme and our audit committee reporting.

Embedding a culture of challenge in our audit practice underpins the key pillars of our audit strategy. We invest continually in our firm wide processes and controls, which we seek to develop globally, to underpin consistency in delivering high quality audits whilst ensuring engagement teams exercise professional scepticism through robust challenge.

All the AQR public reports are available on its website.
https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports

The AQR's 2019/20 Audit Quality Inspection Report on Deloitte LLP

We reviewed 17 individual audits this year and assessed 13 (76%) as requiring no more than limited improvements. Of the 10 FTSE 350 audits we reviewed this year, we assessed nine (90%) as achieving this standard.

We have highlighted in this report aspects of firm-wide procedures which should be improved, including strengthening the monitoring of the firm's audit quality initiatives.

Our key findings related principally to the need to:

- Improve the extent of challenge over cash flow forecasts in relation to the impairment of goodwill and other assets.
- Enhance the effectiveness of substantive analytical review and other testing for revenue.
- Improve the assessment and extent of challenge regarding management's estimates, particularly for model testing.

The firm has taken steps to address the key findings in our 2019 public reports, with actions that included focused training and standardising the firm's audit work programmes.

We have identified improvements, for example in the audit of potential prior year adjustments and related disclosures, a key finding last year. We also identified good practice in a number of areas of the audits we reviewed (including effective group oversight and robust risk assessment) and in the firm-wide procedures (including the firm's milestone programme, with expected dates for the phasing of the audit monitored by the firm).

Deloitte.