

AUDIT AND GOVERNANCE COMMITTEE

THURSDAY, 17TH FEBRUARY, 2022

At 7.00 pm

by

GREY ROOM - YORK HOUSE, WINDSOR AND ON [RBWM YOUTUBE](#)

SUPPLEMENTARY AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
6.	<u>UPDATE ON THE STATEMENT OF ACCOUNTS</u> To consider the update from Deloitte on the progress of the accounts for both 2019/20 and 2020/21.	3 - 6

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The Royal Borough of Windsor & Maidenhead Update to the Audit & Governance Committee on audit status

Issued 15 February 2022 for the meeting on 17 February 2022

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Status update on the 2019/20 audit

Status update on the 2019/20 audit

Our work on the 2019/20 audit for the Authority and its Pension Fund is substantially complete and we anticipate issuing our response to objections and finalising the audit during March 2022

We reported to the Audit and Governance Committee on 17 May 2021 (and provided oral updates in subsequent meetings) the principal matters arising from our audit of the 2019/20 accounts, and that the timetable for completion was delayed due to the work required on objections and questions, delays in the provision of certain information notably in relation to the Pension Fund, added complexity to valuation work due to the Covid-19 pandemic and disruption to team capacity caused by the pandemic.

As noted in our previous reporting, we received a number of objections and questions on the 2019/20 accounts which take considerable time to review and consider, and are subject to an extensive process for investigation, responding to objectors, and allowing sufficient time for their response, in accordance with the requirements of the NAO ("National Audit Office") Code of Audit Practice. This process needs to be fully completed ahead of being able to issue the audit certificate and conclusion of our value for money responsibilities. We received 22 potential objections, 6 of which were accepted as formal objections.

We have continued to progress our response to the objections and questions on the 2019/20 accounts. Our final response on these matters is currently with Public Sector Audit Appointments Limited for their review prior to issue. Subject to any matters arising from this, we would anticipate that this would enable us to conclude this area of our work.

With respect to our financial statement audit work, subsequent to our previous report we identified:

- Misstatements in respect of the treatment of the Council's interest in Achieving for Children CiC and Optalis Limited, with differing impact upon the Council and the Group, and requiring adjustments to both 2018/19 and 2019/20; and
- The Council's historic presentation of "Other operating income/expenditure" included items (in particular revenue expenditure funded from capital under statute (REFCUS)) which the CIPFA Code requires to be presented as part of the Cost of Services.

The Council has prepared an updated draft Statement of Account for these changes (received 25 January 2022), and is providing supporting working papers for the adjusted position. Once full support is received, we will check through the adjusted financial statements, and complete our internal quality assurance procedures on the audit and updated financial statements. Our quality assurance review will include additional review of how we have addressed matters raised by the Financial Reporting Council's Audit Quality Review team in its inspection of local audits since the 2019/20 audit commenced.

As previously reported, we expect to issue an unqualified opinion on the Statement of Accounts with an "except for" qualification of our VFM conclusion. The Statement of Accounts audit opinion will include an emphasis of matter in relation to material uncertainties over the property valuation as at 31 March 2020 as a result of the Covid-19 pandemic. This is a common feature of 2019/20 audit opinions where property is held on a revaluation basis. This relates to the operational and investment property held directly by the Council only.

As previously reported, our audit required substantial further input compared to that envisaged in the scale fee for the audit, including staff costs and external legal fees for our work on objections. We will share an analysis of the final costs of the financial statement audit and of the objections work with officers, which is then subject to approval by PSAA.

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Status update on the 2020/21 audit

Status update on the 2020/21 audit

Our work on the 2020/21 audit is on-going, and we anticipate completing this in the Summer and then beginning the 2021/22 audit

The external audit of both the Council's statement of accounts and the Royal County of Berkshire Pension Fund ("RCBPF") are on-going, with work being performed in accordance with our audit plan presented to the meeting of 29 July 2021. This position is consistent with the majority of local authority audits (with only 9% completed by 30 September 2021 and the majority of 2021 audits nationally still outstanding).

Audit field work continued on the 2020/21 audit through December 2021, significantly beyond that which was originally expected to be required. We are currently revisiting our resourcing for the audit. In particular the previous Audit Senior Manager has left the Firm and we are in the process of identifying a replacement. Following our completion of the 2019/20 audit and objections work in March, and following the introduction of a new Audit Senior Manager to our team, we will focus on reviewing the potential objections and questions received in respect of the 2020/21 statement of accounts in March and April 2022. We then anticipate completing the remainder of the audit work on the 2020/21 statement of accounts in July and August 2022 when we next have sufficient staff availability to efficiently and effectively complete the audit. Once the 2020/21 audits are complete, our team will move onto the 2021/22 audit with a view to completion prior to the deadline at the end of November 2022.

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Our work to date has identified a number of issues with the final Statement of Accounts, including the need for adjustments in respect of the Council's interest in Achieving for Children CiC and Optalis Limited, and the presentation of the Comprehensive Income and Expenditure Statement (in line with the adjustments noted for 2019/20). The Council is currently preparing an updated draft Statement of Account reflecting these changes and 2019/20 adjustments, together with supporting working papers, for our audit. Further adjustments may be required following completion of our audit work in other areas.



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