



BDO AUDIT STATUS REPORT

Colchester City Council
2020/21

July 2023

EXECUTIVE SUMMARY



This report provides the Governance and Audit Committee with an update on the progress of our audits and plans to clear the backlog of work.

DLUHC wrote to all local authorities and audit firms on 14 March 2023 requesting that auditors provide Audit Committees with a realistic project and delivery plan for delayed audits and the critical dependencies.

Issues nationally that have increased the resources required to complete local authority audits or have caused delays include:

- ▶ Backlog initially created during Covid and lockdown that has not been recovered
- ▶ Enhanced quality requirements following well publicised audit failures
- ▶ Implementation of new auditing standards
- ▶ Infrastructure accounting and inadequate historical records for highways and infrastructure spend
- ▶ Deficiencies in the quality of pre-audit statements and working papers prepared in advance of the audit
- ▶ Increased complexity of group structures, nature of transactions and asset ownership
- ▶ Difficulty recruiting auditors to the sector.

NATIONAL PICTURE

2019/20

Only 45% of 2019/20 local government bodies received an audit opinion by the extended deadline of 30 November 2020 and 44 (9%) had still not received the audit opinion by 31 December 2022.

2020/21

Only 9% of 2020/21 local government bodies received an audit opinion by the extended deadline of 30 September 2021 and 35% had still not received the audit opinion by 30 September 2022.

2021/22

Only 12% of 2021/22 local government bodies received an audit opinion by the extended deadline of 30 November 2022 and 373 remain outstanding.

2022/23

Last year of the current PSAA framework contract

Audit capacity and costs

The latest procurement by PSAA for contracts commencing for year ends 31 March 2024 will increase audit fees by 150% and Government has pledged to make an additional £60m of funding available over four years from 2021/22.

Redmond review

Limited progress has been made against the Redmond review recommendations to improve local public audit. The new system leader role to be undertaken by the Audit, Reporting and Governance Authority is expected to commence in 2024.

EXECUTIVE SUMMARY



AUDIT STATUS AND COMPLETION PLAN

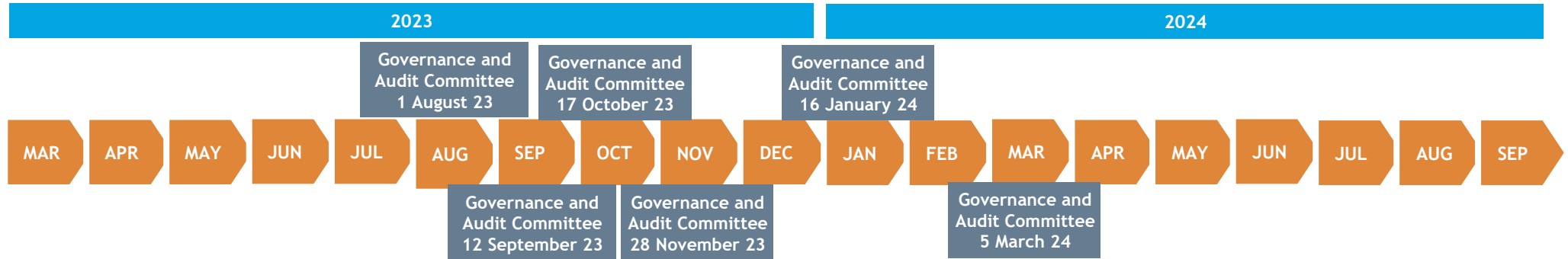
2020/21

- ▶ On the following page we set out the status of the audit for the period ended 31 March 2021 including outstanding work, issues to resolve and a timetable when we expect to complete.
- ▶ Aphrodite Lefevre will continue as the Key Audit Partner (KAP), once all outstanding information has been received and work has been completed and Manager reviewed, she will return from her career break to conclude the 2020/21 audit.
- ▶ Manager and KAP reviews of the rest of the audit fieldwork are well progressed. As previously discussed, further audit resources will be assigned to the audit once all outstanding information has been provided by the Council. The Council have agreed to deliver outstanding items for the audit by early September, we will then be able to allocate sufficient resources to complete the remaining procedures and arrange dates for Aphrodite's review.
- ▶ Once we have completed our procedures, and cleared review points, we will need to present the results of the audit in our Audit Completion Report, to those charged with governance, after which we will be in a position to perform the final audit completion procedures and issue our audit opinion. This is usually done within two working days of reporting to those charged with governance if it is confirmed at the meeting that no further amendments to the financial statements are required, and after receipt of the Council's signed Letter of Representation.

▶ 2021/22 and 2022/23

- ▶ Further to our letter to you on 17 January 2023 regarding the timelines for 2021/22 audits, we are working on an indicative timetable for our audit of these two years and expect this to be available by the end of August 2023.
- ▶ We will provide management with this timetable as soon as it is available and will present it to the next meeting of the Governance and Audit Committee in September 2023.

YEAR ENDED 31 MARCH 2021



WORK COMPLETED

- ▶ Other than those areas outlined in the work to complete, fieldwork audit procedures are complete

WORK TO COMPLETE

- ▶ Completion of audit work scheduled for October 2023
- ▶ Infrastructure assets audit procedures (A)
- ▶ PPE and Investment Property valuation procedures
- ▶ Pensions and Post Employment Benefits testing
- ▶ Payroll testing to be updated for the final version of the financial statements
- ▶ Commitments and contingencies procedures
- ▶ Review all other sections and update for changes to final version of the financial statements
- ▶ Manager and KAP review of Financial Statements Preparation (B), the Council’s re-worked Consolidation papers (C), Subsequent Events, and the areas listed above
- ▶ Clearance of Manager and KAP review points on other areas already reviewed
- ▶ Review of final version of the financial statements against audit feedback and results provided
- ▶ Reporting of final audit results to the Governance and Audit Committee

ISSUES TO RESOLVE

- ▶ Council have agreed to deliver outstanding information by early September 2023
- ▶ Implementation of the infrastructure assets temporary accounting solution. Working papers from the Council are awaited. Work to complete item (A) cannot be started until these are received.
- ▶ Updated single entity and group financial statements are awaited for audit. Work to complete item (B) cannot be started until these are received.
- ▶ Updated group consolidation workings are awaited from the Council. Work to complete item (C) cannot be started until these are received.
- ▶ Responses to queries in relation to VFM assessment are yet to be received.

FOR MORE INFORMATION:

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