

Arun District Council External Audit Update Report

September 2024



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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit & Governance Committee and management of Arun District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit & Governance Committee and management of Arun District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit & Governance Committee and management of Arun District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 2022/23 audit



2022/23 Audit status

Status of the audit

The new Minister of State responsible for Local Government and English Devolution made a statement to parliament on Tuesday 30 July 2024, setting out the Government's policy proposal for addressing the local government audit backlog. This statement outlines immediate actions the Government – together with the Financial Reporting Council (FRC), the National Audit Office (NAO) and organisations in the wider system – is taking, which are designed to address the backlog and put local audit on a sustainable footing. These now provide helpful clarity on the government's policy intentions and recognise the commitment of finance teams and auditors and the important role that we will all play to restore timely financial reporting.

We have previously discussed with you our intention to disclaim your 2022/23 audit as part of our strategy to reset our local public audits, clear the backlog, and focus our efforts on providing assurance on the most recent financial information.

The Minister's statement establishes the intent for the backstop date of 13 December 2024 for this to be completed. The legislation to allow for this has now been laid before Parliament and is due to be enacted by 30 September 2024.

We have been working with the system leaders to understand what their expectations will be on all auditors to implement the government's policy proposals effectively. We have also reviewed the auditing standards and the work required to move to a disclaimed opinion. Primarily, whilst we do not need to complete detailed testing of the financial statements we do need to review them, complete certain tasks to plan our approach to the audit, understand the business, get updates on key areas to ensure that we are sighted on developments, form a view on aspects that we report on, and communicate the outcome of this work to those charged with governance.

Once we have completed our work we will issue our audit completion reporting with the disclaimed opinion for those charged with governance per authority that includes:

- details of the work undertaken for planning;
- the results from the work completed for this process; and
- our value for money commentary, as previously presented to the 18 March 2024 Audit & Governance Committee.

We have established our programme of work that will need to be completed to ensure that together we can meet the backstop date of 13 December 2024, which we will adapt if required should further guidance be released from the NAO.

Depending on when we receive all of the required information that has been requested from management, we aim to have our procedures completed and provide our report by the end of November in order for you to review it, provide to us your final signed letter of representation and subsequent events confirmation, and then publish your accounts with the audit report by the December deadline.



02 2023/24 Audit



2023/24 Audit status

Status of the audit

In the same statement to Parliament we refer to on page 4, the new Minister of State responsible for Local Government and English Devolution, the backstop date for 2023/24 audits was established as 28 February 2025. The periods between the two backstop dates of 13 December 2024 and 28 February 2025 is therefore relatively short.

Our Head of UK Government and Public Sector Audit wrote to all s151 officers on 21 August 2024 setting out our commitment to delivering high quality local audit in the public interest, but in the light of the government announcement there was a need to review our current and future work prioritisation to ensure that we meet the requirements being placed on auditors, including completion for outstanding audits up to 2022/23. At the same time, we are also mindful of the expectations on us to safeguard the timeliness of the audits in other priority sectors where we audit public funds – central government, the NHS and higher education. Capacity is finite, and therefore, prioritization decisions are necessary. The correspondence sent on 21 August 2024 is clear that we will be prioritising those audits where draft unaudited financial statements were published by 31 July 2024, and in our view where local authorities are able and ready to support an audit process.

As of the date of drafting this progress report the Council has yet to publish its Statement of Accounts for 2023/24. These were due to be published by 31 May 2024 under the requirements of the Accounts & Audit Regulations 2015 (as amended) and by 31 July 2024 under the timetable set out by the Council in February. Management has stated that the delay in publishing your financial statements was in part due to the expected planned timing of the audit and to allow officers to focus on more timely reporting of the financial position for Q1 of 2024/25.

As it stands at the date of this report, you are not ready to be audited as the draft financial statements have not been published. As a result, resources are being moved elsewhere as we need to re-prioritise resource to audits where published financial statements are available.

We will reassess if there is sufficient skilled availability to enable your audit to start and be completed and fully reported by the end of January, ahead of the 2023/24 backstop date.

Value for Money arrangements:

In our Audit Planning Report dated 24 June 2024, we reported that we had not completed our value for money (VFM) risk assessment. We plan to complete this in October 2024, we have identified no risks of significant weaknesses in arrangements in our work completed to date.

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