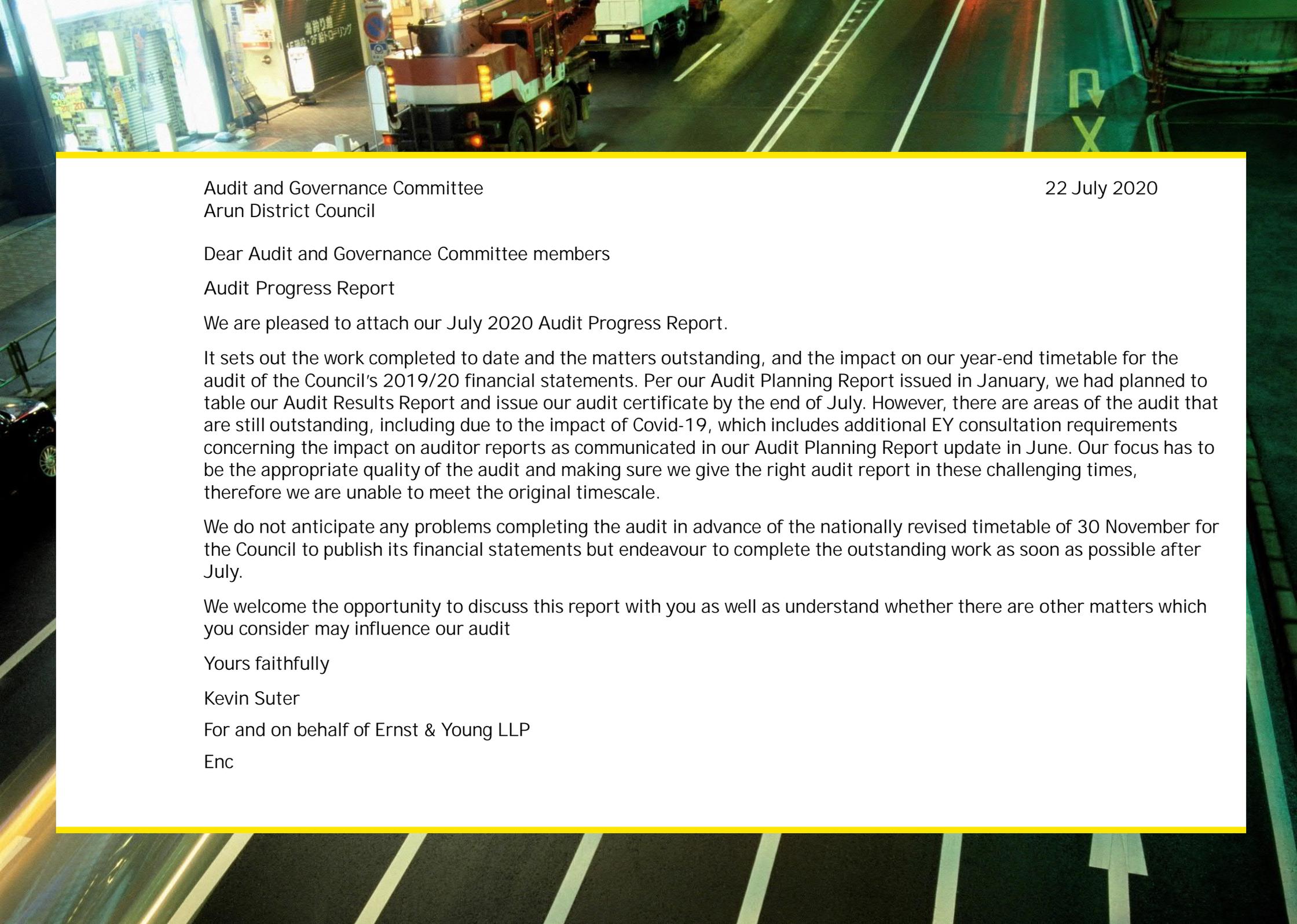




Arun District Council
Progress Report

Year-ended 31 March 2020

22 July 2020



Audit and Governance Committee
Arun District Council

22 July 2020

Dear Audit and Governance Committee members

Audit Progress Report

We are pleased to attach our July 2020 Audit Progress Report.

It sets out the work completed to date and the matters outstanding, and the impact on our year-end timetable for the audit of the Council's 2019/20 financial statements. Per our Audit Planning Report issued in January, we had planned to table our Audit Results Report and issue our audit certificate by the end of July. However, there are areas of the audit that are still outstanding, including due to the impact of Covid-19, which includes additional EY consultation requirements concerning the impact on auditor reports as communicated in our Audit Planning Report update in June. Our focus has to be the appropriate quality of the audit and making sure we give the right audit report in these challenging times, therefore we are unable to meet the original timescale.

We do not anticipate any problems completing the audit in advance of the nationally revised timetable of 30 November for the Council to publish its financial statements but endeavour to complete the outstanding work as soon as possible after July.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit

Yours faithfully

Kevin Suter

For and on behalf of Ernst & Young LLP

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Audit progress

2019/20 audit

Original timescale.

The audit was scheduled to take place between 29th June to 31st July. Given the impact of Covid-19, this was always going to be a challenging timetable. Our experience from both NHS and Local Government audits to date is that producing the accounts takes more time in the current environment, and similarly the audit process.

The Council produced the accounts for audit on 9th June which was still commendable.

Work completed to date

The following areas have been completed at the time of writing our progress report:

- Significant risk areas per our audit plan – Risk of fraud in revenue and expenditure recognition (Capital additions and Revenue Expenditure Funded from Capital Under Statute) and Journal Entry testing (risk of management override of controls) – no significant findings to report but this area is still subject to Partner review.
- Other areas of focus per our audit plan update – Going concern – testing has been substantially completed, review of management’s disclosures and EY internal consultation requirements still in progress. Management’s assessment was received on 17th July
- Value for money conclusion – no significant risks identified whilst updating our procedures since planning
- Cash and Cash Equivalents – uncorrected misstatement of £328k identified in relation to Business Rates receipts allocated to the incorrect period
- Borrowings, Investments and Financial Instruments
- Investment Properties
- Valuations – Council Dwellings
- Grant Income
- Finance & Investment Income and Expenditure
- Payroll
- Collection Fund Demands and Precepts, Review of the Annual Governance Statement, Housing Benefits Income and Expenditure
- Accounting Policies



Audit timeline

Timetable of outstanding work, communication and deliverables

Timeline

Below is a revised timetable showing the when key remaining areas of the audit and the deliverables are expected to be completed.

Audit area and reason outstanding	Revised timetable	Audit committee timetable	Deliverables
	July	Audit and Governance Committee	Audit Progress Report
Debtors and Creditors - work commenced w/c 20 July	July		
Pension Fund work - we are awaiting the work of the Pension Fund Auditors in order to complete our work on Pensions. As at the date of this report we are also in discussions with the Actuary on McCloud assumptions which has been flagged nationally	July/August		
NDR Provision - work commenced w/c 13 July	July		
All other disclosures - work currently underway and due for completion w/c 27 July	July		
Income and Expenditure - work currently underway and due for completion w/c 27 July	July		
Property valuations - a sample of assets have been referred to our internal Real Estate team and they are due to report back 27 th July	July/August		
Reserves - work commenced w/c 20 July	July		
	Next Audit and Governance Committee	Audit and Governance Committee	Audit Results Report Audit opinions and completion certificates

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