

# Bromsgrove District Council Audit Progress Report and Sector Update

March 2024



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# Introduction

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This paper provides the Audit, Standards and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

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# Progress at March 2024

## Financial statements audit

On 13 February 2024 we received updated workings from management on the transfer of balances from the Council's old ledger to the new TechnologyOne ledger. These have been shared with colleagues in our digital audit team who are providing specialist support in this area. Colleagues are currently reviewing these workings and discussing them with management.

We have previously discussed the stated intention of the Department for Levelling Up, Housing and Communities (DLUHC) to set a "backstop" date by which all outstanding Local Government audits up to and including the 2022/23 financial year must be finalised. Following discussions between DLUHC, the Financial Reporting Council (FRC) and National Audit Office (NAO), a DLUHC consultation was issued 8 February 2024 and which closes 7 March 2024. The consultation sets out a proposal that the backstop date for all financial years up to and including 2022/23 will be 30 September 2024. The consultation can be found here <https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation>. Alongside this consultation the NAO are consulting on changes to the Code of Audit Practice that auditors are required to follow, this consultation can be found here <https://www.nao.org.uk/code-of-audit-practice-consultation/>.

In January 2024 we wrote to your Section 151 Officer confirming that, in our view, it will not be possible to complete the 2020/21 to 2022/23 financial statements audits by the proposed date of 30 September 2024. As such, based upon the information currently available to us from the consultation documents, we expect that backstop disclaimer opinions will be issued for each of these three financial years.

## Value for Money

We reported our interim Auditor's Annual Report covering the 2021/22 and 2022/23 financial years to the Audit, Standards and Governance Committee on 27 November 2023. The report will remain an interim report until an opinion is issued on the financial statements for the 2021/22 and 2022/23 financial years. We do not expect any further work will be required in respect of Value for Money arrangements.

# Proposed interim fee variations

We have previously communicated the issues that we have had with respect to the 2020/21 financial statements audit. We have also issued our interim Auditor's Annual Reports for 2020/21 and a joint report for 2021/22 and 2022/23. Both reports identified significant weaknesses in arrangements, made key recommendations and also made written recommendations under the Local Audit and Accountability Act 2014. We had previously alerted the Committee to the likelihood of some significant fee variations due to the additional work required in these areas.

Given the time that has passed since commencing our audit work, we are proposing interim fee variations. These must be discussed with the Section 151 Officer, presented to the Audit, Standards and Governance Committee as Those Charged With Governance and then shared with Public Sector Audit Appointments Limited, along with supporting evidence, who will consider the proposed variations and make a determination upon them.

Based upon our work completed to date to the end of December 2023, we proposed the following interim variations:

Area	Description	Proposed variation
2020/21 Value for Money	<p>Interim Auditor's Annual Report and written recommendation reported to 9 November 2022 Audit, Standards and Governance Committee.</p> <p>We made one written recommendation under Local Audit and Accountability Act 2014 and five key recommendations in respect of significant weaknesses in arrangements.</p> <p>The Audit Plan, presented to the Committee in April 2022, proposed an additional £9,000 in respect of Value for Money work under the new National Audit Office Code of Audit Practice.</p> <p>Based upon our time and other records we propose a further £9,028 for the work required to address the significant weaknesses identified.</p>	£18,028
2021/22 and 2022/23 Value for Money	<p>We reported an interim Auditor's Annual Report covering both the 2021/22 and 2022/23 financial years to the Audit, Standards and Governance Committee in November 2023.</p> <p>We made one written recommendation under Local Audit and Accountability Act 2014 and one new key recommendation in respect of significant weaknesses in arrangements. We closed four of the previously reported key recommendations.</p> <p>We would propose £9,000 for each year in respect of the additional Value for Money work under the new NAO Code. As we produced a joint report for two years, this is discounted to £6,750 for each year.</p> <p>Based upon our time and other records we propose a further £10,187 for the work required to address the significant weaknesses identified.</p>	£23,687
2020/21 - data transfer work	<p>We have previously reported on the issues management have faced in proving that balances were correctly transferred to the new financial ledger in February 2021. Our 2020/21 Audit Plan included an estimate of £2,500 for this work. Given the significant issues faced, the proposed interim variation of £11,170 represents the time that we have spent on this area of our work to date.</p>	£11,170



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