

Wokingham Borough Council

Audit progress update

November 2023

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Wokingham Borough Council
Audit Committee
Civic Offices
Shute End
Wokingham
RG40 1BN

13 November 2023

Dear Audit Committee Members

Audit Progress Report

Pleased find below our Audit Progress Report.

The purpose of this report is to provide the Audit Committee with an overview of the current status of the Council's audit status for 2021/22 and 2022/23. This report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

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 audits.

Yours faithfully,

Janet Dawson

For and on behalf of Ernst & Young LLP

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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 April 2018)" 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 Committee and management of Wokingham Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Wokingham Borough 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 Committee, and management of Wokingham Borough 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

Progress Update – Financial Statements of the Council



Status of the audit

2021/22 financial statements

Our audit planning report, issued in February 2023 identified the key areas of focus for our audit of the Council's 2021/22 financial statements. These have not changed as of the date of this progress report.

We have been working hard with officers to ensure the smooth delivery of the audit, setting up regular touch points and discussing the required working papers. We have also discussed the possibility of having an onsite presence at your offices during the audit and have agreed for the time being that we will only be onsite if we think that it will be beneficial as the audit progresses.

We have been progressing the audit well, with good engagement from officers in responding to the audit queries and samples being raised. We have been able to progress 50% of the audit into review and only 5% of tasks are yet to commence.

However, we have not been able to complete the audit in this time period mainly due to two key factors:

1. We have had performance issues with a specific member of staff which have come to light as we have been reviewing their work and continuing the testing that they had started. We are dealing with the performance issues internally. This has clearly had an impact on the audit progress as we have had to issue a number of updated samples as a result.

19 Ongoing discussions with the valuers and the Estates team to obtain the valuation information requested and required to complete our procedures.

We have been holding regular meetings with officers, who have been working with us to progress the valuations work as much as possible. We are now liaising directly with the Estates team, although progress is still proving difficult.

In discussion with officers, we have scheduled additional time to complete the audit in December, maintaining the same audit team that are currently working well with officers. Providing that we are able to obtain satisfactory responses in relation to the open valuations queries and any additional queries that are identified as we review any responses, this should still enable us to complete the audit by the end of December as planned, with the exception of our work over the IAS 19 disclosures. As with previous years, there is a delay in receiving the IAS 19 assurances from the auditors of Berkshire Pension Fund and at this stage, the auditors cannot provide us with a date of when they expect to be able to provide the assurances we require. We have requested that their programme of work includes testing of the membership to gain assurance over the triennial valuation of the pension fund as at 31 March 2022.

We are also liaising with officers regarding the accounting for the change in the group structure relating to the Optalis (Holdings) Limited group and the impact of this on the group financial statements.

2022/23 financial statements

We have continued to liaise with officers regarding the timeline for the 2022/23 audit. However, this is dependent on timely resolution of the 2021/22 audit, including receipt of a complete IAS 19 letter of assurance from Deloitte.

We issued our Group Instructions to Haslers LLP and Hazlewoods LLP in April 2023 as component auditors of WBC Holdings Limited and group and Optalis Limited, in advance of them completing their audit planning. We have held planning meetings with both of the component auditors and have arranged ongoing liaison to ensure we are kept up to date with the results of their audits.

We will update the Committee at the meeting on 29 November 2023 if there are any announcements by the Department for Levelling Up, Housing & Communities about the future timetable for delivery and proposed scope changes to local government audits.



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02

Progress Update - Value for Money





Value for money

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit Committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a requirement under the 2020 Code is for us to include the commentary on arrangements in the Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2021/22 VFM planning

Our assessment for the Council of the risk of significant weaknesses in the arrangements supporting each of the specified reporting criteria is under way. Our assessment will focus on a combination of:

- Cumulative audit knowledge and experience.
- Review of Council committee reports,
- Review of other documentary evidence available on the Council's website.
- Consideration of financial and performance reporting and outcomes for the year.
- Regular engagement with Council management.

To date we have not identified a risk of significant weakness from our regular meetings with management or attendance at the Audit Committee.

Status of our 2022/23 VFM planning

Our assessment for the Council of the risk of significant weaknesses in the arrangements supporting each of the specified reporting criteria is ongoing.

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