



**Wokingham Borough
Council**
Update -
Audit Planning Report

Year ended 31 March 2021

November 2021

13

18 November 2021



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

Dear Audit Committee Members

Update - Audit Planning Report 2020/21

Please find attached an update to our Provisional Audit Planning Report which was previously issued dated 3 September 2021. This document has been prepared to address the changes in audit risks as a result of our completed planning procedures.

We have now completed our routine audit planning procedures and this update summarises the changes to our initial assessment of the key risks driving the development of an effective audit for the Councils, and outlines our planned audit strategy in response to those risks. We will update the Audit Committee if our assessment changes further during the course of the audit.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

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 sincerely

Helen Thompson

For and on behalf of Ernst & Young LLP



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Audit Updates



Audit risks and areas of focus

Risk / area of focus

Auditing accounting estimates

In addition to the risks and areas of focus reported in our Provisional Audit Planning Report in September 2021, a revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors now consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we may see the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area. The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required.

Value for money conclusion

We reported in our Provisional Audit Planning Report that we had not commenced our detailed value for money planning against the new NAO Code requirements and that we would update the next Committee meeting on the outcome of our planning and our planned response to any identified risks of significant weaknesses in arrangements. We have now substantially completed our planning work and have noted the following:

- 1. Our planning on value for money and the associated risk assessment focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria.
- ▶ We have not identified any significant risks regarding the Council's 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources.

We will report a commentary against the specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period in our Auditor's Annual Report, following the completion of the financial statements audit.

The specified reporting criteria are:

- ▶ Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- ▶ Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- ▶ Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Audit progress to date

The audit for the Council is currently in progress and our intention is to report the results thereof to the Committee at the meeting in February 2022.

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