

Buckinghamshire Council Audit Progress Report and Sector Update

Year ending 31 March 2022

May 2022



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Introduction

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Progress at 29 April 2022

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in March 2021, and received draft accounts in October. Since then we have been making steady progress with the audit but there are still a number of significant areas that need to be completed before we are able to issue our opinion.

Upon receiving the latest version of the financial statements, we have identified a number of issues. These include but are not limited to

- missing primary statements such as group cash flows and comparative figures for the group's balance sheet,
- inconsistencies within the key financial statements and the notes forming part thereof,
- inconsistencies between the word formatted statements and the excel workings provided to support them,
- a lack of schedule which reconciles the movements from the first version of draft financial statements and the latest version.

We have raised a number of queries in respect of group accounts. These include listings and registers for the assets of some of the component entities and the accuracy of the consolidation exercise undertaken to produce the group accounts. We are still waiting for management's assessment of the components for potential consolidation.

We have encountered significant difficulties with the bank reconciliation process and there are a number of areas which are now with the council for rectification. We understand that the impact of the actions management are proposing will result in changes to loans, debtors and creditors disclosed in the financial statements. And may result in the need for additional audit testing in those areas.

At the time of drafting this update there are 90 sample items for which we are waiting for evidence. These samples relate to a number of areas of the financial statements.

We have also raised more general queries in the area below. Please note that the list is not exhaustive as more queries may be raised once we received a newer version of accounts:

- Grant income (where we have been unable to select a sample)
- Housing Benefits Expenditure
- Capital commitments
- Leases
- Financial Instruments
- Derecognition of Schools
- EFA and pooled budget notes.

Further to these issues, which are specific to the Council's audit there is a sector wide mater which is causing further delay to Local Authority audits. The CIPFA Code of Practice on Local Authority Accounting prescribes the accounting treatment and disclosure requirements for infrastructure assets. The Code requires infrastructure to be reported in the Balance Sheet at depreciated historical cost, that is historic cost less accumulated depreciation and impairment. The Code also requires a reconciliation of gross carrying amounts and accumulated depreciation and impairment from the beginning to the end of the reporting period. These requirements of the Code derived from IAS 16 Property, Plant and Equipment. There is a concern that audited bodies are not able to apply the full requirements of the Code, in particular derecognition of parts of assets when there subsequent expenditure on them is capitalised. This issue is currently being considered by a CIPFA via an Urgent Task and Finish Group with an outcome anticipated in June 2022.

Progress at 29 April 2022 (cont.)

Value for Money

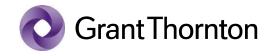
The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report alongside our opinion on the financial statements.

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