

# Warwick District Council Audit Progress Report

**Year ending 31 March 2021**

22<sup>nd</sup> September 2021



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## Your key Grant Thornton team members are:

### Grant Patterson

Key Audit Partner

T 0121 232 5296

E [grant.b.patterson@uk.gt.com](mailto:grant.b.patterson@uk.gt.com)

### Neil Preece

Engagement Manager

T 0121 232 5292

E [neil.a.preece@uk.gt.com](mailto:neil.a.preece@uk.gt.com)

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Summary of Progress at 10 September 2021

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

## Financial Statements Audit – Delay in audit completion

We undertook our initial planning for the 2020/21 audit in March 2021, the results of which formed the basis for our Audit Plan which was reported to the Finance and Audit Scrutiny Committee on 7<sup>th</sup> July 2021. As reported at the Committee meeting our planning work started later than last year as a result of the pandemic.

We received the Council's draft financial statements on 19<sup>th</sup> July 2021 and we commenced our updated risk assessment and substantive audit work on the same date.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. In 2020 this date was pushed back to 31 August. The date by which authorities are required to publish audited financial statements is 30<sup>th</sup> September. In 2020 this date was pushed back to 30<sup>th</sup> November.

Our original resourcing and delivery timetable was based upon attaining audit sign-off by 30<sup>th</sup> September. However, as our work has progressed we have encountered delays. We are now planning to substantively complete our audit testing by mid October and present our Audit Findings Report to you on 3<sup>rd</sup> November. We would then plan to issue our audit opinion shortly after, in early November. We recognise this is after the 30<sup>th</sup> September 2021 publishing date. The reason for this delay is the result of a combination of factors including;

- Our journals testing has taken longer than in previous years. Firstly because of extended sampling to meet the increasing quality expectations and secondly the need to work with the Council to obtain reports in the right format to look to enable use of new audit software designed to further increase the quality of our work in this area.
- As we have reported in previous years, our audit of your bank reconciliation and property revaluations is more challenging than we normally encounter elsewhere and requires significant amount of auditor and officer time to resolve. We recognise that the Council is investing in a new financial system which should help address these in future years.
- Grant income has increased significantly in 2020/21, largely as a result of Covid specific grants. As flagged within our audit plan understanding the Council's judgments on principal and agent and reviewing the Council's accounting judgments on individual grants has resulted in further audit procedures in this area.
- Two key members our audit team have been off work unexpectedly for lengthy periods. Additional resource has been allocated to the audit to make up the shortfall but due to resourcing constraints this has had to be at a later date than originally planned impacting upon delivery. A small number of Council officers who have been responding to audit queries have also been off work unexpectedly.
- The challenges of remote auditing, as we reported last year, remain.

# Summary of Progress at 10 September 2021

## Financial Statements – Progress as at 10<sup>th</sup> September

We have performed an initial review of the financial statements and a number of points have been raised with management.

As at the date of this report we have significantly progressed our work on the Council's draft financial statements in the following areas:

- Cash
- Creditors
- Borrowing
- Investments
- Provisions
- Fees & Charges income
- Collection Fund
- Housing Revenue Account
- Employee benefits
- Other expenditure

The main areas needing completion are:

- Journals testing
- Property revaluations
- Net Pension liability
- Debtors
- Housing benefit expenditure

## 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 is 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 we 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. The extended deadline is now no more than three months after the date of the opinion on the financial statements. We are still required to issue a letter setting out for the reasons for the delay which is shown on page 6.

We plan to report our VFM work to the Finance and Audit Scrutiny Committee on 15 December.

# Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Finance and Audit Scrutiny Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.</p>	July 2021	Complete
<p><b>Progress report</b></p> <p>We will report to you the progress made to date</p>	September 2021	Complete
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the Finance and Audit Scrutiny Committee.</p>	September 2021 – deferred to November 2021	Not yet due
<p><b>Auditors Report</b></p> <p>This is the opinion on your financial statements.</p>	September 2021 – deferred to November 2021	Not yet due
<p><b>Auditor's Annual Report</b></p> <p>This Report communicates the key issues arising from our Value for Money work.</p>	December 2021	Not yet due

# Audit letter in respect of delayed VFM work

Note that this letter does not form part of our formal communications under ISA 260 (Communication with Those Charged with Governance) but is included here for ease of reference.

Jonathan Nicholls  
Finance and Audit Scrutiny Committee Chair  
Warwick District Council  
Riverside House  
Milverton Mill  
Leamington Spa  
CV32 5HZ

Dear Jonathan, Chair of Audit Committee as TCWG,

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we 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.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 31 December 2021.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

**Grant Patterson**

Director and Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor



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