

South Cambridgeshire District Council Audit Progress report

Year ended 31 March 2021

17 July 2023



17 July 2023

Dear Audit and Corporate Governance Committee Members

The purpose of the report is to update you on our external audit of the Council's 2020/21 financial statement, further to the Audit Planning report presented to the Audit and Corporate Governance Committee on the 1 June 2023.

As reported in our Audit Planning report and agreed with management, we commenced our 2020/21 audit at the beginning of June 2023 with an aim to completing the audit work by the end of July 2023.

We have been working closely with the Council to progress the audit and continue to see improvements compared to prior years in the quality of working papers and responses to audit queries.

The timeline for the 2020/21 audit was an estimate agreed with Council officers and based on the number of audit hours using our experience of prior year audits, the actions the Council have put in place to strengthen the finance team, their capacity and ability to support the audit, and baseline expectations from other audits of a similar size and nature. Given the protracted nature of prior year audits, the estimated timeline for the 2020/21 audit was subject to change, depending on how audit work progressed. The planned audit period of two months is significantly shorter than previously achieved in prior year audits, which significantly increases the intensity of the audit process for officers. Due to this tighter time frame and the number of audit requests we have been required to raise as part of the audit process, the Council have found it difficult to obtain all the evidence and responses sufficiently in the time to allow us to complete and report the 2020/21 audit by the end of July 2023. We do, however, expect to have completed the majority of the audit fieldwork by the end of July and we will then agree a timeline and determine next steps with officers to close out the audit and report our opinion.

In the rest of this report we have provided detail as to the progress of the audit against the areas within the statement of accounts.

Status of the Audit

- ✔ Audit procedures completed
- Audit procedures started but not completed
- Audit procedures substantially completed
- ✘ Audit procedures not started











As at the date of this report our audit remains in progress. We have summarised below the status of our audit procedures to help inform the Committee of progress and findings to date.

Audit procedures completed		
Area of accounts and risks raised in our Audit planning report	Status	Findings
✔ Tick and tie and internal consistency check of accounts	Audit procedures completed	We have identified a number of disclosure adjustments that management will amend in the final version of the statement of accounts.
✔ Disclosure - Expenditure and Funding Analysis	Audit procedures completed	We identified a number of adjustments required to the EFA note.
✔ CIES - Housing Services Expenditure	Audit procedures completed	There are no findings to report from our audit procedures.
✔ CIES - Impairment/Revaluation	Audit procedures completed	There are no findings to report from our audit procedures.
✔ CIES - Precepts and Levies	Audit procedures completed	There are no findings to report from our audit procedures.
✔ CIES - Taxation and non-specific grant income	Audit procedures completed	There are no findings to report from our audit procedures.
✔ CIES - Gain/loss on disposal of non-current assets	Audit procedures completed	There are no findings to report from our audit procedures.
✔ CIES - Net cost of services - Grant income	Audit procedures completed	There are no findings to report from our audit procedures.
✔ CIES - Finance & Investment - Interest Costs	Audit procedures completed	There are no findings to report from our audit procedures.
✔ CIES - Finance & Investment - Interest Income	Audit procedures completed	There are no findings to report from our audit procedures.
✔ Agreement of Accounts to TB	Audit procedures completed	There are no findings to report from our audit procedures.
✔ Disclosures - Related Party Transactions	Audit procedures completed	We identified that the financial statements disclosure is not in line with the CIPFA Code as does not disclose the value of the related parties included in the accounting note.
✔ Disclosure - All other disclosures not separately identified	Audit procedures completed	There are no findings to report from our audit procedures.
✔ CIPFA Disclosure checklist	Audit procedures completed	There are no findings to report from our audit procedures.

Status of the Audit (continued)

-  Audit procedures completed
 Audit procedures substantially completed
 Audit procedures started but not completed
 Audit procedures not started



Audit Procedures Substantially Completed with only a few remaining outstanding requests and audit work outstanding

Area of accounts and risks raised in our Audit planning report	Status	Findings
 Balance Sheet - Cash and Bank	Our audit procedures are substantially complete - we are awaiting receipt of one third party confirmation.	There are no findings to report from our audit procedures performed to date.
 Balance Sheet - Investments	Our audit procedures are substantially complete - we are awaiting receipt of three third party confirmations.	There are no findings to report from our audit procedures performed to date.
 Balance Sheet - Borrowings	Our audit procedures are substantially complete - we are awaiting receipt of one third party confirmation.	There are no findings to report from our audit procedures performed to date.
 CIES - Net cost of services - Employee costs	Our audit procedures are substantially complete - we are awaiting responses from the Council on a number of outstanding queries.	There are no findings to report from our audit procedures performed to date.
 Collection fund - Income	Our audit procedures are substantially complete - we are awaiting receipt of one report to support income balances from management.	There are no findings to report from our audit procedures performed to date.
 Collection fund - Expenditure	Our audit procedures are substantially complete - we have received evidence for a sample of collection fund expenditure and we are completing our testing.	There are no findings to report from our audit procedures performed to date.
 Cashflow Statement	Our audit procedures are substantially complete - we are awaiting completion of other work to perform final cross checks to the cashflow statement.	There are no findings to report from our audit procedures performed to date.
 Reserves - Useable and Unusable Reserves	Our audit procedures are substantially complete - we are completing our testing of earmarked reserves.	There are no findings to report from our audit procedures performed to date.
 Collection fund - Income	Our audit procedures are substantially complete - we are awaiting receipt of one report to support income balances from management.	There are no findings to report from our audit procedures performed to date.
 Collection fund - Expenditure	Our audit procedures are substantially complete - we have received evidence for a sample of collection fund expenditure and we are completing our testing.	There are no findings to report from our audit procedures performed to date.

Status of the Audit (continued)

-  Audit procedures completed
-  Audit procedures started but not completed
-  Audit procedures substantially completed
-  Audit procedures not started







Audit Procedures Substantially Completed with only a few remaining outstanding requests and audit work outstanding

Area of accounts and risks raised in our Audit planning report	Status	Findings
 HRA - Income	Our audit procedures are substantially complete - we are awaiting the reconciliation between the rent system and the general ledger from the Council.	There are no findings to report from our audit procedures performed to date.
 Group statements	Our audit procedures are substantially complete - to complete these procedures we are required to undertake a file review of the component auditors work which is planned for the 20 July.	There are no findings to report from our audit procedures performed to date.

Status of the Audit (continued)

-  Audit procedures completed  Audit procedures started but not completed
 Audit procedures substantially completed  Audit procedures not started










Audit Procedures were work has started

Area of accounts and risks raised in our Audit planning report	Status	Findings
 Balance Sheet - Capital expenditure <i>Fraud Risk: Inappropriate capitalisation of revenue expenditure</i>	Audit procedures have been started - we have selected a sample of capital expenditure which is with the Council to provide evidence.	There are no findings to report from our audit procedures performed to date.
 Journals testing <i>Fraud Risk: Misstatements due to fraud or error</i>	Audit procedures have been started - we are currently undertaking our journals testing and have a number of queries outstanding with the Council.	There are no findings to report from our audit procedures performed to date.
 Balance Sheet - Investment Properties <i>Significant Risk: Valuation of Investment Properties</i>	Audit procedures have been started - our internal expert has raised a number of initial queries on the year end valuations which is with the Council for response. We have received a breakdown of the capital additions relating to Investment Properties and are selecting our sample for testing.	There are no findings to report from our audit procedures performed to date.
 Balance Sheet - Property, Plant and Equipment <i>Inherent Risk: Capital accounting entries and Valuation of Land and Buildings</i>	Audit procedures have been started - we have selected a sample of valued assets for testing and are awaiting evidence to support the valuations from the Council.	There are no findings to report from our audit procedures performed to date.
 COVID Grants <i>Inherent Risk: Accounting for Covid-19 related government grants</i>	Audit procedures have been started - we have received an updated grant classification working paper from the Council and we are performing testing of the updated assessment.	We identified that a number of COVID grants have been incorrectly accounted for in the draft statement of accounts in accordance with guidance for a accounting for agency grants. This will result in amendment to the financial statements the Council have not yet quantified the impact to date.
 Balance Sheet - Pension Liability <i>Inherent Risk: Pension Liability Valuation & other pension disclosures</i>	Our audit procedures are substantially complete - we have completed our procedures on the pension liability disclosed in the draft financial statements. The Council has requested an updated IAS19 report from it's Actuary to assess the impact of the most recent Triannual valuation in March 2022 and changes to investment asset balances in the pension fund.	There are no findings to report from our audit procedures performed to date.

Status of the Audit (continued)

-  Audit procedures completed
  Audit procedures started but not completed
 Audit procedures substantially completed
  Audit procedures not started



Audit Procedures were work has started

Area of accounts and risks raised in our Audit planning report	Status	Findings
 CIES - Net cost of services - Other expenditure	Audit procedures have been started - we have selected a sample of expenditure transactions and have received evidence from the Council to support the transactions. We are currently completing our testing.	There are no findings to report from our audit procedures performed to date.
 CIES - Net cost of services - Other income	Audit procedures have been started - we have selected a sample of expenditure transactions and have received evidence from the Council to support the transactions. We have completed our initial testing on the evidence provided and have sent back further queries to the Council to provide evidence.	There are no findings to report from our audit procedures performed to date.
 Balance Sheet - Creditors	Audit procedures have been started - we are testing our sample of creditors and unrecorded liabilities.	The Council did not initially provide us with appropriate listings to support the Creditors balance in the statement of accounts, these listings were provided by the Council on the 22 June.
 Balance Sheet - Debtors	Audit procedures have been started - we have now received listings to support the debtors balance in the financial statements and we are selecting our sample based on these listing.	The Council did not initially provide us with appropriate listings to support the debtors balance in the statement of accounts, these listings were provided by the Council on the 11 July.
 Balance Sheet - Bad Debt Provision	Audit procedures have been started - we have received responses to our queries on the Bad debt provision and are working through these queries.	The Council did not initially provide us with appropriate working papers for Council Tax bad debt provision and Housing Benefit bad debt provision, these working papers were provided by the Council on the 11 July.
 HRA - Expenditure	Audit procedures have been started - we are undertaking the required procedures on this area.	There are no findings to report from our audit procedures performed to date.
 Disclosures - Officers remunerations	Audit procedures have been started - we are concluding our testing on a sample of remunerations as disclosed in the note.	There are no findings to report from our audit procedures performed to date.
 Disclosures - Exit Packages	Audit procedures have been started - we are awaiting evidence from the Council to support the exit packages note.	There are no findings to report from our audit procedures performed to date.
 Disclosures - Financial Instruments	Audit procedures have been started - we have raised queries on the financial instruments note and it content, the Council are working through our queries to ensure the note is disclosed in line with the CIPFA CODE.	There are no findings to report from our audit procedures performed to date.

Status of the Audit (continued)

-  Audit procedures completed
-  Audit procedures started but not completed
-  Audit procedures substantially completed
-  Audit procedures not started

Audit Procedures Substantially Completed with only a few remaining outstanding requests and audit work outstanding

Area of accounts and risks raised in our Audit planning report	Status	Findings
 Balance Sheet - NDR Appeals Provision	Audit work on this area has not commenced.	Not applicable
 Closing procedures: <ul style="list-style-type: none"> ▶ Subsequent events review; ▶ Going Concern Assessment; ▶ Agreement of the final set of financial statements; ▶ Receipt of signed management representation letter; and ▶ Final Senior Manager and Partner reviews. 	<p>Closing procedures to be performed upon completion of audit work and receipt of final version of the Statement of Accounts</p> <p>Management will be required to update their going concern assessment for 12 months post anticipated opinion date.</p>	