

West Devon Borough Council Audit Progress Report and Sector Update

September 2023



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Introduction

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

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at September 2023

Financial Statements Audit

We notified the March 2023 Audit and Governance Committee that the 2022/23 financial statement audit for the Council would be delayed due to a shortage of Grant Thornton audit staff, meaning that the audit opinion would not be available by the 30 September 2023 publication date for audited accounts. The Council will be required to publish an audit delay notice on its website on or before 30 September 2023.

The draft West Devon Borough Council Statement of Accounts for 2022/23 was published on 30 June 2023, a month after the Government's statutory deadline of publishing draft accounts by 31 May 2023. The Council published a notice on its website stating that this was mainly due to the demand on staff time resolving complex technical matters such as the impact of the triennial pension valuation data on IAS19 Employee Benefits (pensions accounting), which had a material impact on the accounts.

Since we last reported, colleagues have begun some high-level work on the draft financial statements and management have responded to our requests for working papers and other supporting information, making this available to us on our document-sharing software. We have also discussed with management the timing for our detailed audit work. We propose to begin our audit work in November 2023, running through to January 2024. We recognise that the finance team have a number of other priorities, and that from January 2024 a number of our key contacts will be focussed on budget preparation. We are agreeing a priority order for our audit work which ensures that finance staff with significant budget setting responsibilities can focus on this in January 2024.

Value for Money

Our detailed work on the Council's arrangements for the 2021/22 and 2022/23 financial years is largely complete and we intend to present our joint Auditor's Annual Report (covering both financial years) to the December 2023 Committee. We have not identified any significant weaknesses in the Council's arrangements from the work that we have completed.

Proposals to help address Local Authority audit delays

In July 2023 a letter was circulated to Local Authority Chief Executives and Chief Financial Officers in England, and Local Audit Firm Partners, setting out work undertaken by DLUHC and Financial Reporting Council colleagues to address the significant backlog in audits.

The letter noted that at the time of writing, just 27% of audits of the 2021/22 financial year had been completed across Local Government. The 2021/22 audit of South Hams District Council was concluded in March 2023, and so is included within the 27% and at the time of this report, are up to date.

The letter sets out a summary of proposals. These would require legislation, and the letter notes that it is hoped arrangements would be in place to allow implementation from December 2023. The proposals include:

Introduction of statutory deadlines for accounts and audits, dating back to 2015/16 (“backstop”)

This would require auditors, where accounts and / or audits are not available or complete, to issue qualified opinions by set deadlines. Whilst the dates have not been confirmed, we do not anticipate this being a requirement for South Hams District Council given that we are currently up to date for audit years up to and including 2021/22.

Changes to NAO Code of Audit Practice

Consideration is being made to the level of audit work required on certain balances – namely the net defined benefit pension liability and non-investment property and land assets. Should these changes be made, it is expected to reduce the level of audit work required on these balances. Your financial statements would still need to comply with the CIPFA Code for reporting these balances. Should any changes come into force before the date of our audit opinions, we will consider if a reduction in the level and/or scope of our work would be appropriate for the 2022/23 financial year.



Department for Levelling Up,
Housing & Communities



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