



Report to the Standards and Audit Committee

RUNNYMEDE BOROUGH COUNCIL

Audit Progress Report: year ended 31 March 2020

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AUDIT UPDATE



On the following pages we have provided an update on the progress of our audit on the Council's 2019/20 financial statements, together with some background to recent consultations aimed at addressing the significant backlog in audits across the local government sector.

We expect to conclude our audit of 2019/20 in advance of the backstop dates proposed in the consultation, and on the following pages we have set out the work necessary to conclude that audit together with a timetable for completion of that work.

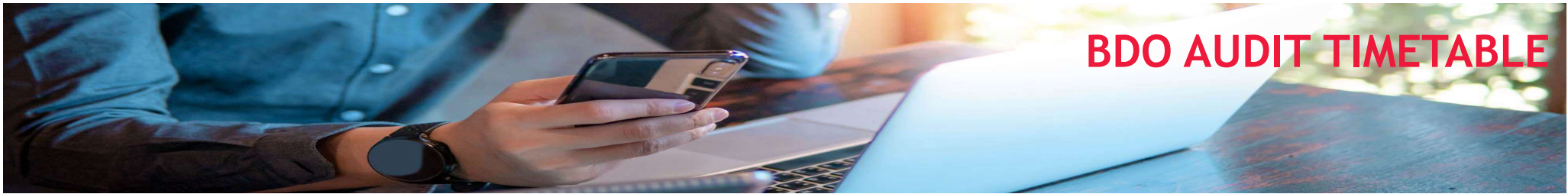
For our audit of the years 2020/21, 2021/22 and 2022/23, then subject to the outcome of those consultations, our expectation is that we will disclaim our opinion on the Council's financial statements for those years.

On page 5 of our report, we have provided an update on our audit fees, including an indication of the variation to the 2019/20 scale fee that we are likely to seek.

We look forward to discussing our report with you.

Steve Bladen

15 March 2024



BDO AUDIT TIMETABLE

We have set out below a timeline for completion of our 2019/20 audit, and other open audit

MARCH 2024

- ▶ Held further meetings with Director of Finance and Head of Finance to discuss legal advice obtained by Council in relation to investment Property acquisitions
- ▶ Provided an update report to the Standards and Audit Committee

MARCH - MAY 2024

- ▶ Completion of our 2019/20 value for money work. As part of this we are reviewing
 - the Council's consideration of the financial and other risks associated with the acquisition investment property and the associated borrowing
 - the adequacy of the legal advice obtained by the Council, and whether any further advice is required
 - whether in acquiring these assets the Council acted in accordance with the applicable statutory framework.
- ▶ We will also consider the Best Value Notice issued in December 2023 by the Department for Levelling Up, Housing and Communities, the Capital Assurance Review undertaken by the Chartered Institute of Public Finance and Accountancy, and the Council's response to this.

JULY - AUGUST 2024

In relation to 2019/20 we will:

- ▶ Finalise our audit procedures
- ▶ Reconsider any new information that has arisen
- ▶ Report the final position to Those Charged With Governance
- ▶ Issue our 2019/20 auditor's report

In relation to 2020/21, 2021/22, and 2022/23:

- ▶ Complete value for money conclusion work
- ▶ Undertake any necessary work in advance of us issuing our audit report on those year

SEPTEMBER 2024

- ▶ Subject to the outcome of the consultations referred to on the following page, we will:
 - Issue Auditor's Annual Report and commentary on VFM covering period 2020-21 - 2022-23
 - Issue auditor's reports on 2020/21, 2021/22 and 2022/23 in line with new code requirements

SECTOR UPDATE

On 8 February 2024, a consultation was launched as part of a cross-system effort to address the backlog in local government audits across the sector. In summary:

- The Department for Levelling Up, Housing and Communities sought views on changes to the Accounts and Audit Regulations 2015 to introduce backstop dates for the publication of audited accounts
- The National Audit Office sought views on changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements

Further details can be found [here](#).

Key elements of the consultation included proposals for:

- Auditors to produce a single commentary on value for money arrangements covering all outstanding periods up to 2022/23
- A proposed backstop date of 30 September 2024 for auditors to issue audit opinions, including modified or disclaimed opinions due to the backstop, for all periods up to and including 2022/23
- A series of backstop dates for later periods of account

Both consultations closed on 7 March and BDO responded to both consultations. We await the Government's final proposals but continue to consider the implications for our audit of future periods.

On 29 February 2024, the Chartered Institute of Public Finance and Accountancy (CIPFA) launched its Invitation to Comment on short term proposals intended to help address the backlog of local authority audits. After considering a wide range of options CIPFA decided to explore two approaches. These would affect the 2023/24 and 2024/25 Codes, by providing:

- An option to simplify measurement of operational property plant and equipment using specified indexation, and
- Reduced disclosures for pensions reporting, by aligning that reporting with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland

The Invitation to Comment can be found [here](#).

FEES

Public Sector Audit Appointments Limited are responsible for setting the fees payable to auditors for the audit of local government bodies. PSAA set the scale fee for audits covering the periods 2018/19 to 2019/20 at £34,754 (net of any rebate given by PSAA for the 2022/23 year).

2018/19

We have previously reported to this Committee that we are seeking an additional fee of £38,000. We have submitted this variation to PSAA; PSAA are currently considering this. The variation arises because of:

- Additional work undertaken to test the valuation of Investment Property
- Work undertaken to test the consolidation of subsidiary entities into the Council's group financial statements

2019/20

For our audit of the Council's 2019/20 financial statements, we expect to seek a variation to the scale fee, again reflecting the additional work undertaken around the areas noted above.

We will confirm any variation to the Council following completion of our audit, although we currently expect the quantum of any variation sought to be broadly similar to that sought in 2018/19.

In seeking a variation to the scale fee, we will follow PSAA's approval process. This will include seeking to agree the variation with the Council's s151 Officer and reporting any variation to this Committee.

2020/21 - 2022/23

PSAA will use its fee variation process to determine the final fees local public bodies will have to pay in relation to delayed audits.

FOR MORE INFORMATION:

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the Council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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