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Wiltshire Council

Wiltshire Council

Report to the Audit & Governance Committee on the 2020/21 & 2021/22 audits – 3 December 2024

Contents

Executive summary (1)

The key messages in this report:

In this report, we present the results of the work we have performed as appointed auditor to Wiltshire Council (the Council) for 2020/21 and 2021/22.

Statement of Accounts	On 22 November 2024 we issued a disclaimer of opinion on the 2019/20 accounts due to pervasive control weaknesses in the systems used to prepare the financial statements. We also issued a Statutory Recommendation to the Council in accordance with Section 24 Schedule 7 of the Local Audit and Accountability Act 2014. Furthermore, local authorities are required by the Accounts and Audit (Amendment) Regulations 2024 (the Regulations) to publish their financial statements and audit reports by a legislative ‘backstop’ date. This is 13 December 2024 for financial years up to 31 March 2023. The introduction of the backstop has limited our ability to complete our financial statement audit work, as detailed in our Planning Report to the Committee dated 4 October 2024. The time available prevents us from obtaining sufficient, appropriate audit evidence to form an opinion before the backstop date for the financial years 2020/21 and 2021/22. We note that the Council did not produce draft financial statements for 2022/23 until 29 November 2024 which means it cannot comply with its responsibilities under the Regulations. We have reported this non-compliance to the Financial Reporting Council under the escalated reporting framework in place for this period up to 13 December 2024. This report does not cover 2022/23 as we have been unable to complete any procedures as the accounts had not been prepared. Additionally, we have experienced delays in obtaining information from the Council to allow us to complete our work. The issues leading to delays in the 2019/20 audit were included in our report dated 2 February 2024, and have been the main cause of us being unable to complete the remaining audits. These limitations are significant and pervasive in extent, and auditing standards therefore require us to issue a disclaimer of opinion in our audit reports for the financial years 2020/21 and 2021/22. The Financial Reporting Council has published an accessible guide to the overall programme of work to recover the local authority accounts backlog, Local Audit Backlog - Rebuilding Assurance, and the implications of disclaimers of opinion for future years.

Executive summary (2)

The key messages in this report (continued):

Statement of Accounts	We were unable to complete all of the procedures outlined in our planning report for 2020/21 and 2021/22 (see pages 8 to 12), reflecting the Local Audit Reset and Recovery Implementation Guidance due to delays in receipt of information from the Council. Our key findings include: • **Material misstatements and disclosure deficiencies** Our procedures identified material misstatements and disclosure deficiencies in the financial statements. Management has not updated the financial statements for our observations. International Standards on Auditing (ISAs) require us to report these material misstatements in our audit report. We have listed the uncorrected misstatements from page 26. • **Unresolved audit queries:** Our procedures highlighted potential issues in the draft financial statements that would typically require further investigation before completing the audit. Due to time constraints, management has not been able to fully investigate all of our queries. As a result, we have not quantified these as misstatements. We have summarised these open queries from page 37 for the Audit & Governance Committee's consideration when approving the financial statements. • **Deficiencies in financial reporting controls:** Our planning report recommended that management perform certain minimum procedures on the financial statements to ensure reliable financial reporting. As detailed on page 22, we found that these checks were not performed, leading to issues that could have been prevented. We emphasize the importance of a strong control environment for the preparation and review of the financial statements to ensure timely and accurate financial reporting in the future. We welcome the implementation of a new financial ledger system which should be a positive step in improving the control environment, albeit our work has not included an assessment of the effectiveness of the implementation of that system or the impact on the control environment. • **Implementation of control recommendations:** Our 8 February 2024 report on the 2019/20 audit highlighted a number of significant deficiencies in internal control and included recommendations for improvement. Although we have not performed our usual procedures upon internal controls and have not performed procedures to evaluate the extent to which management has implemented responses to the recommendations, from the procedures performed we understand that a number of the control recommendations have not yet been implemented. This has affected the quality of the draft financial statements. Our audit report will explain that the disclaimer of opinion is necessary due to the backstop provisions and the pervasive weaknesses in controls and numerous material errors which led to the disclaimer in 2019/20.

Executive summary (3)

The key messages in this report (continued):

Value for Money procedures	Our Value for Money work for 2020/21 through to 2022/23 is on-going, and will be reported in our Auditor's Annual Report, after 13 December 2024. We have concluded there is a significant weakness in arrangements in respect of governance (how the Council ensures that it makes informed decisions and properly manages its risks), which is detailed on page 17 together with our recommendations. This weakness, which echo our previous qualifications on 2019/20, will be detailed in our financial statement audit report. Our audit report will state that our Value for Money work is on-going.
Duties as public auditor	We received an objection from a local elector regarding the financial years 2020/21 and 2021/22. We have acknowledged this but have not yet completed our consideration of these matters. We are satisfied that our remaining work in this area is unlikely to have a material impact on the financial statements. We have not identified any matters requiring us to issue a public interest report. We have not exercised any other audit powers under the Local Audit and Accountability Act 2014 in respect of the financial years 2020/21 to 2022/23.
Interaction with the incoming auditor	The Council has not yet published its draft 2023/24 statement of accounts, which were required to be published for inspection by the first working day of July 2024. The backstop date for the 2023/24 audit is 28 February 2025. We will co-operate with Grant Thornton, your appointed auditor for 2023/24 onwards, in the handover of the audit of the Council.

Why we cannot issue an audit opinion

Our audit report will include a disclaimer of opinion, as we have not been able to obtain sufficient, appropriate audit evidence on which to base an opinion

Explanation

The introduction of the 'backstop' date has limited the scope of our financial statement audit work. The time available prevents us from obtaining sufficient, appropriate audit evidence to form an opinion before the backstop date.

Because we have not performed testing, the possible effect on the financial statements of undetected misstatements, if any, could be both material and pervasive.

Auditing standards require us to issue a 'disclaimer of opinion' in this situation. The disclaimer applies to the whole of the financial statements. It means that readers should not rely on our audit work when using the financial statements.

How the disclaimer affects our audit report

Our audit report is required to explain the reasons that gave rise to the disclaimer. The backstop is a limitation upon our audit due to legislative reasons, and we will explain this in our audit report. Our explanation of the circumstances will also note the circumstances which led to the disclaimer of opinion in respect of the 2019/20 audit which also impact the audits of later years, including the pervasive weaknesses in internal control and pervasiveness of issues identified which had led to adjustments.

Even with a disclaimer of opinion, we are still required to report any known, material issues in the financial statements. We have identified that the Council has not met all of the disclosure requirements per the CIPFA code. We have identified material call and cast issues which have been reported on page 32.

While audit reports typically include commentary on the use of the going concern basis for preparing the financial statements, this commentary is not included when a disclaimer of opinion is issued.

Because of the timing of the statutory backstop, we have not planned or performed procedures to address the risk of fraud or non-compliance with laws and regulations. We will state this in our audit report. There are no matters that have come to our attention from our other work that we consider necessary to report upon in respect of fraud or non-compliance with laws and regulations.

(continued on next page)

Why we cannot issue an audit opinion (continued)

Our audit report will include a disclaimer of opinion, as we have not been able to obtain sufficient, appropriate audit evidence on which to base an opinion

ISA required reporting

ISA 260 requires to communicate with those charged with governance:

- Significant difficulties, if any, encountered during the audit; and
- Any other significant matters arising during the audit that, in our professional judgement, are relevant to your oversight of the financial reporting process.

Our reporting in respect of the backstop fulfils this in respect of this significant matter.

We have encountered significant difficulties in obtaining information from the Council team in respect of the audits of 20/21, 21/22 and 22/23. A series of requests were added to Deloitte Connect in August 2024 and as of 13 November 2024, 49 out of the 68 had not been responded to satisfactorily or at all. Of the responses received, we have a resubmission rate of 20% and the average number of days overdue was 23 days. This has prevented us from completing our planned procedures. For example, we have not received a clear audit trail of adjustments and mapping from the general ledger to the financial statements.

We have made a number of control recommendations in previous years and from our observations in respect of these accounts' improvements are needed in the financial reporting process. These recommendations will need to be addressed to ensure timely financial reporting and audit for future periods.

Summary of work performed: audit procedures and findings (1)

We had performed some of our originally planned audit procedures for 20/21 and 21/22 but are not able to complete the audits due to the backstop. Additionally, the 2020/21 and 2021/22 audits were paused due to the issues identified during the 2019/20 audit and the ongoing work in relation to that audit. No work was started on the 2022/23 audit.

The table below shows the work performed and findings from our originally planned audit procedures for 2020/21 and 2021/22.

Area of audit	Findings
2020/21 – Planning	
We performed planning procedures in respect of the audit of the Council's 2020/21 financial statements in February 2021. We had not completed all work in these areas and had a number of unresolved queries.	We identified various control findings many of which had previously been communicated as part of the 2019/20 audit and reported in our paper from February 2024. Additional control deficiencies are detailed on page 20.
2020/21 – Testing on Limited Balances	
We commenced some testing of limited balances in July 2022 in a number of areas including cash, short term investments, debtors, provisions, pension fund liability, planning deposits, payroll, other operating expenditure, taxation and non-specific income, members allowances and officers' remuneration. We had not completed all work in these areas because we had not received support for a number of sampled items and had a number of outstanding queries. The draft financial statements had not been produced at this point in time, and we were working on limited balances where management had confirmed the balances were finalised. This work was stopped due to the impact of the ongoing 2019/20 audit. We had not completed all work in these areas and had a number of unresolved queries.	Because we did not complete the work in these area, we cannot conclude whether there are errors in the population. However, from the limited work completed we identified the following potential issues: • Our work on officer remuneration noted a difference on the salary for Alistair Cunningham where his salary has been shown as £90,694 and our calculation based on final payslips if the FTE salary was £174,624 which for 4 months would be £58k. Given the amounts are immaterial this does not impact our opinion. • We started a grant income Analytical Review and noted 2 variances greater than our calculated threshold and the cumulative net difference is above our backstop materiality. Given we do not have time to complete substantive testing this is covered by our disclaimer of opinion.
2021/22 – Planning	
We performed limited planning procedures in respect of the audit of the Council's FY22 financial statements in February 2022. We had not completed all work in these areas and had a number of unresolved queries.	We identified various IT related control findings which had continued from 20/21. These are detailed on page 21.

Summary of work performed: audit procedures and findings(2)

We have not performed several of the procedures set out in our backstop planning report because we did not receive information from the Council within a suitable timeframe to allow for completion of these.

Overview of procedures performed following the conclusion the backstop provisions would apply

The table below shows our planned procedures (as per our planning report dated 4 October 2024) and our findings.

Financial statement procedures	Findings
We obtained an understanding of management's process for the preparation of the financial statements, including any updates to the originally published accounts necessary for findings from previous audits.	We do not know whether errors identified in FY20 which were not corrected are corrected in these accounts as management have not provided a reconciliation. We noted several control observations related to the financial reporting and close process, with those noted in previous years, as detailed on page 22. In our planning report, we had noted certain minimum checks upon the draft financial statements that we would expect the Council to perform. As noted on page 22, we have not been able to verify that these checks were performed.
We reviewed the draft financial statements, including performing overall analytical procedures.	From our review of the draft financial statements, we raised a number of queries. A number of queries have not been resolved by management and are detailed on page 37 for consideration by the Audit & Governance Committee in approving the financial statements. We have not received responses to our queries to enable us to conclude the analytical procedures.
We had planned to agree the primary statements (comprehensive income and expenditure statement, balance sheet, statement of cashflows, and movement in reserves statement), the Housing Revenue Account, and the Collection Fund to supporting accounting records for 20/21 and 21/22.	We have not received a clear audit trail of adjustments and mapping from the general ledger to the financial statements, preventing us completing this procedure. This has resulted in a significant difficulty being reported. Management have provided us with working papers for the Housing Revenue Account and the Collection Fund however these do not include explanations that allow us to trace the balances to supporting accounting records. We have previously made control recommendations in respect of the clarity and quality of the audit trail from the general ledger to the financial statements.

Summary of work performed: audit procedures and findings(3)

Financial statement procedures	Findings
We planned to agree the Group primary statements to consolidation working papers for 2022/23 and considered whether they contain the expected entities and adjustments based upon our understanding of the Group from previous periods.	We have not yet received the 22/23 financial statements and the consolidation working papers and therefore have been unable to complete this procedure.
We agreed the opening balances and comparative figures to the prior year financial statements.	Our procedures identified a number of inconsistencies with the comparatives included in the financial statements for 20/21 and 21/22 which have been included on page 32.
We performed a “call and cast” of the financial statements for internal consistency and arithmetic accuracy.	Our procedures identified numerous issues for both 20/21 and 21/22 which have been communicated to management. These have been included from page 32.
We reviewed the financial statements for compliance with the CIPFA Code	We noted that a number of disclosures had been omitted for 20/21. These have been included in our schedule of uncorrected disclosure misstatements. We have not yet completed the 21/22 disclosure checklist. We will report any omitted disclosures in 21/22 prior to signing.
We have communicated with management any apparent errors, omissions, or inconsistencies that were not clearly trivial, and requested correction of identified misstatements (including disclosure deficiencies). We evaluated the misstatements and disclosure deficiencies identified, and considered whether uncorrected items are individually or in aggregate material to the financial statements.	We have listed uncorrected misstatements in our schedule of unadjusted misstatements from page 26. The impact of uncorrected misstatements and unresolved queries is material to the financial statements and will be reflected in our audit report if not corrected prior to approval.

Summary of work performed: audit procedures and findings(4)

Other planned procedures	Findings
Fraud inquiries	
We inquired of the Section 151 Officer; Internal Audit; and the Audit & Governance Committee Chair, as to their knowledge of any fraud or allegations thereof affecting the Council for the period. Due to the timing of the statutory backstop, we have not been able to perform the other fraud-related procedures required by auditing standards.	Our inquiries identified some minor instances of fraud or allegations of fraud, none of which were considered material.
Compliance with laws and regulation	
We inquired of the Section 151 Officer; the Monitoring Officer; Internal Audit; and the Audit & Governance Committee Chair, as to their knowledge of any instances of non-compliance with laws or regulation for the period. We reviewed correspondence with Ofsted and other regulators for the period. Due to the timing of the statutory backstop, we have not been able to perform the other procedures related to non-compliance with laws and regulations required by auditing standards.	Our inquiries did not identify any instances of non-compliance with laws and regulations. Our review of correspondence with regulators did not identify any instances of non-compliance with laws and regulations. As reported earlier we note the Council's failure to comply with the Regulations for financial reporting which will result in it being on a published list of those councils which have failed to comply with the Regulations.
Overall audit procedures that also impact upon our Value for Money procedures	
We reviewed the minutes of the Council and its principal committees for the period. We reviewed the Internal Audit reports for the period.	Our procedures did not identify any issues in respect of the financial statements requiring reporting.
Annual Governance Statement	
We reviewed the Council's Annual Governance Statement to determine whether it is misleading or inconsistent with other information known to us from our audit work (including from our Value for Money procedures).	We noted that certain sections had not been updated from previous years to reflect the current situation, particularly relating to control findings identified in the audit of the 2019/20 accounts. This has been included in our opinion and included as a disclosure deficiency on page 36.

Summary of work performed: audit procedures and findings(5)

Other planned procedures	Findings
Subsequent events	
We inquired of management whether there are any subsequent events that affect the open years of account, and if so whether and how they have been reflected in the financial statements.	None identified. We will re-confirm this up to the date of the opinion.

Other matters for your consideration

Materiality

Although the extent of planned procedures does not include testing of balances, we are required to determine materiality to evaluate any identified misstatements (and so whether the financial statements are materially misstated).

We have set materiality based on gross expenditure per the draft financial statements, and the threshold above which we report misstatements to the you, as:

Financial year	Gross expenditure	Materiality	% of gross expenditure	Reporting threshold
2020/21	£1,029m	£10.2m	1%	£510k
2021/22	£1,065m	£10.6m	1%	£530k
2022/23 (Planning Materiality)	£1,065m	£10.6m	1%	£530k

Fraud and non-compliance with laws and regulations

- No material fraud has been identified;
- We note the Council has not been compliant with the statutory financial reporting requirements, see page 17.

Significant risks

We have not completed the risk assessment procedures required by ISAs to identify significant risks for the financial years subject to audit, or performed procedures to respond to identified risks of material misstatement. The significant risks which we had identified in respect of the 2020/21 audit, and for which the Audit & Governance Committee may wish to consider the internal assurances in place in respect of for the open years of account, were:

- Management override of controls (a presumed risk for all audits);
- Completeness of accrued expenditure;
- Valuation of the Council's share of the Wiltshire Pension Fund Net Liability; and
- Valuation of property assets

We had planned to rebut the presumed risk of fraud in revenue recognition for 2020/21, but had not revisited this risk assessment due to the backstop. We have not determined whether this would be a risk for subsequent years.

Value for Money: procedures performed (1)

Our Value for Money commentary will be included in our Auditor's Annual Report

Value for Money requirements

We are required to consider the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources. Under the revised requirements of the Code of Audit Practice 2024 and related Auditor Guidance Note 03 ('AGN03'), we are required to:

- Perform work to understand the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources against two reporting criteria (financial sustainability and governance, with improving economy, efficiency and effectiveness not a required criterion for audits up to 31 March 2023);
- Perform a risk assessment to identify whether there are any risks of significant weaknesses in arrangements;
- If any risks of significant weaknesses are identified, perform procedures to determine whether there is in fact a significant weakness in arrangements, and if so to make recommendations for improvement;
- Issue a narrative commentary in the Auditor's Annual Report, setting out the work undertaken in respect of the reporting criteria and our findings, including any explanation needed in respect of judgements or local context for findings. If significant weaknesses are identified, the weaknesses and recommendations will be included in the reporting, together with follow-up of previous recommendations and whether they have been implemented. Where relevant, we may include reporting on any other matters arising we consider relevant to Value for Money arrangements, which might include emerging risks or issues arising; and
- Where significant weaknesses are identified, report this by exception within our financial statement audit report.

Status of our work

Our Value for Money work is on-going and will be reported in our Auditor's Annual Report.

We have not received responses to a significant number of our queries and requests for information in mid-November. Therefore, our work is ongoing and while we have not identified any additional risks of significant weakness other than the reported Governance weakness on page 17, we have yet to complete sufficient work to be able to report fully.

Value for Money: procedures performed(2)

Our Value for Money commentary will be included in our Auditor’s Annual Report

Work performed to obtain an understanding of the Council’s arrangements to secure economy, efficiency and effectiveness in the use of resources

We have been unable to complete our risk assessment as we have not yet received a completed summary of Value for Money arrangements prepared by the Council, reviewed supporting documentation on arrangements, and held all relevant interviews.
To date we have completed the following for each year:

- considered the potential impact of matters identified in previous audits
- reviewed financial planning and monitoring documentation including budget setting reports, in year monitoring reports, and the Medium-Term Financial Strategy;
- reviewed the Stone Circle Company Business Plans;
- reviewed the Council’s draft Narrative Report, Annual Governance Statement, and relevant Council papers and minutes;
- reviewed internal audit reports through the year and the Head of Internal Audit Opinion;
- considered issues identified through our other audit and assurance work;
- considered the Council’s financial performance and management through the period;
- reviewed the Ofsted inspection reports issued in November 2019 and September 2023;
- reviewed CIPFA sustainability and financial resilience reporting benchmarking metrics;
- reviewed gov.uk Value for Money profiling results;
- reviewed compliance and performance reporting from the Local Government and Social Care Ombudsman; annd
- checked for and reviewed any Enforcement Notices (Improvement or Prohibition) from the Health and Safety Executive (HSE).

Value for Money: procedures performed (3)

Our Value for Money commentary will be included in our Auditor’s Annual Report

Findings of our work to date

Based on our work to date, we have concluded there is a significant weakness in arrangements in respect of governance which is detailed on page 17 together with our recommendations.

Our financial statement audit opinion will refer to the significant weakness in arrangements including noting the continued weaknesses which we led to our adverse VfM conclusion in respect of in 2019/20 under the previous Value for Money reporting arrangements.

Our audit report will state that our Value for Money work is on-going.

Value for Money: significant weakness in arrangements for reliable and timely financial reporting(1)

Nature of the significant weakness	We identified a significant weakness in arrangements in respect of governance (how the Council ensures that it makes informed decisions and properly manages its risks). This weakness relates to how the Council ensures effective processes and systems are in place to support its statutory financial reporting requirements. We have previously reported significant deficiencies in internal control at the Council, including in respect of the accounts closure process (with previous findings summarised in our report to the 7 February 2024 Audit & Governance Committee). These control deficiencies have contributed to material adjustments required in the financial statements for previous years. The nature of the financial reporting and close process means that each year's accounts reflect both processes in place during the financial year, and then processes and arrangements in place during the following financial year for the year-end close and accounts preparation process, and to support the financial statement audit. The audit process for 2019/20 was significantly delayed and this had knock-on impacts on the 20/21, 21/22 and 22/23 audit processes. Whilst there were a number of factors involved, weaknesses in arrangements, in particular the capability and capacity in the finance team in relation to financial reporting, and the quality of the financial statements and supporting working papers contributed significantly to the delay in the audit of those accounts and ultimately the disclaimer of opinion issued. We conclude that the weakness in arrangements which has contributed to this position is significant.
Evidence on which our judgement is based	We have considered: • The key findings from our audit of the financial statements for previous years, in particular control findings relating to the operation of the Council's accounts closure process for the 2019/20 financial year-end during later years, and our observations on the quality of the financial statements prepared during that closure process. *(continued on next page)*

VfM: Significant weakness in arrangements for reliable and timely financial reporting (2)

Evidence on which our judgement is based (continued)

- The timing of publication of the 2020/21, 2021/22 and 2022/23 statement of accounts, compared to statutory deadlines, and the time required for publication after the finalisation of previous accounts. These are summarised in the table below:

	FY20	FY21	FY22	FY23
Statutory publication date (first working day of month)	September 2020	August 2021	August 2022	June 2023
Publication for inspection	26 August 2020	3 April 2024	23 September 2024	Not published in time to meet the statutory backstop
Material errors identified	Yes	N/A – audit impacted by backstop	N/A – audit impacted by backstop	Not yet published

In forming our judgement, we noted:

- The 2019/20 draft accounts were prepared in the context of the initial stages of the Covid-19 pandemic during financial year 2020/21, but were published for inspection in line with statutory requirements. However, the 2019/20 accounts required material adjustments and numerous versions.
- The publication of the 2020/21 and 2021/22 draft financial statements for inspection were both more than two years after the statutory publication dates.
- The 2022/23 draft accounts were not published for inspection by 31 October 2024. This meant that they were unable to meet the statutory backstop for publication of approved accounts of 13 December 2024, due to the requirement for a 30 working day inspection period.

VfM: significant weakness in arrangements for reliable and timely financial reporting(1)

Impact on the Council	The Council has not complied with its statutory duties for publication of accounts for public inspection for any of the financial years 2020/21 to 2023/24. Issues in the quality of the financial statements, supporting working papers, and capacity of the finance team to support the audit has then delayed the audit process for years that have been published, and reporting timelines. The delays in the preparation 2020/21, 2021/22 and 2022/23 statement of accounts have delayed the preparation of the 2023/24 statement of accounts and put at risk the completion of audit work for the 2023/24 audit ahead of the 27 February 2025 backstop date for that financial year.
Financial years affected	We will report this as an exception to our VFM conclusion in respect of all three years (2020/21, 2021/22 and 2022/23).
Recommendation	We recommend the Council: • The Council reassesses the capability and capacity in the finance function, including to deliver a high-quality statement of accounts and supporting work papers before the deadline for the audit. This should include ensuring that there is sufficient capacity and capability to respond to audit queries during the audit period, as well as to ensure reliable in year reporting and operation of effective accounting control processes. • The Audit and Governance Committee strengthens its oversight of corrective action taken in response to previous external audit recommendations in respect of financial reporting.

Internal control: control observations (1)

Summary

In our 8 February 2024 report to the Audit & Governance Committee on the 2019/20 audit, we reported a number of significant deficiencies in internal control and made recommendations to address them. While we have not performed our usual procedures on internal controls and have not performed procedures to evaluate the extent to which management has implemented our recommendations, our procedures and discussions with management indicate that some of our control recommendations have not yet been implemented and were not implemented in the 20/21, 21/22 and 22/23 financial years. This has impacted the quality of the draft financial statements.

We highlight the importance of the control environment over the preparation and review of the financial statements for the recovery of timely financial reporting for the Council in future years.

From the procedures performed in relation to audits after 19/20, we have identified the following additional control observations:

Area	Year first communicated, severity	Observation
1. Segregation of duties in pension related controls – 2020/21 Audit	2021, high	We identified there was no segregation of duties in the review of the iConnect report which is sent to the Pension Fund to use in their reporting to the actuary relating to the pension scheme account balance. It is recommended that a second review takes place with a signature on the report or email approval as evidence of the review. Additionally, the checklist should be amended to include an appropriate sample of employees to be checked against supporting documentation.

Internal control: control observations (2)

Area	Year first identified, severity	Observation
2. IT Specialist Findings – 20/21 & 21/22 Audits	2021, medium	The IT specialists identified a number of control deficiencies: *Access Controls* • The SAP Accounting system password setting requirements do not include limits for minimum password digits, special characters and there is no auto expiration time. Additionally, the Structure Query Language (SQL) database underlying SAP ECC does not enforce Windows password or expiration policies; • Business users are granted admin rights in the CIPFA fixed assets application; • SAP accounts are only reviewed every two years, and this does not address the risk that users remain in the system with inappropriate access; • 127 users were found to have inappropriate access granted to execute programs. Restricting access to execute programs is a key control to address the risk that users have access privileges beyond those necessary to perform their assigned duties. Any user with this authorisation could start the program and access all data accessed by the program. It is recommended that the Council ensure the new ledger addresses these weaknesses and ensure appropriate access controls are in place. *Other* • There was no test performed in the period over IT Disaster recovery meaning in the event of a loss of data the Council may not be best equipped to restore the data in a timely manner. The Business Continuity plan was also not tested during the year; It is recommended that regular tests are performed over the Disaster Recovery and Business Continuity plans. • There are no service auditor reports or assurance provided over the third party (CGI or CIPFA) controls. As CGI is managing key controls including change management on SAP and CIPFA host and support the CIPFA application, there should be controls or assurance that the security environment is parallel to the Council; It is recommended that the Council obtains service auditor reports or assurance over critical third-party controls.

Internal control: financial reporting controls (1)

Financial statement checks

In our planning report, we recommended management undertake at certain minimum procedures upon the statement of accounts, as part of the expected control environment for reliable financial reporting. There are a number of checks which management had not undertaken and issues we identified which would have been detected if these checks had operated effectively. As previously communicated, we recommend that the Council review the year-end reporting and close process to improve the quality of the draft financial statements and improve the timeliness of reporting.
We have summarised below exceptions noted

Overall procedures	Issues noted
Update of the draft financial statements so that comparatives and opening balances align to previous audited accounts, and all expected disclosures included, with documented check that opening balances and comparative figures agree to the previous audited accounts or updated draft of previous year.	The draft accounts for 20/21 provided on 3 April 2024 did not match to the last audited accounts. The draft accounts for 21/22 provided on 22 September 2024 did not match the 20/21 accounts. We did not see evidence of the operation of this control.
Completion of the CIPFA Disclosure Checklist and resolution of any issues arising for this	The CIPFA Disclosure checklist for 20/21 was provided to us incomplete without cross references to the relevant sections of the accounts. No disclosure checklists were provided for 21/22 and 22/23. We noted a number of omitted disclosures for 20/21 which are included as an uncorrected disclosure misstatement on page 35. We have not yet completed the 21/22 disclosure checklist. We will report any 21/22 omitted disclosures prior to signing.
Consistency check of the figures included in the narrative report to the financial statements	We did not see evidence of the operation of this control
Documented internal review of the financial statements	We did not see evidence of the operation of this control
Documented analytic review of movements of more than 10% in balances, with a clear and meaningful explanation for variances.	We did not see evidence of the operation of this control with only limited explanations provided for movements at a high level. We noted errors in the financial statements that we would have expected to be identified through internal review of the financial statements.
Documented internal "call and cast" of internal consistency and arithmetic accuracy	We noted a number of arithmetic errors and inconsistencies, which have been noted on pages 32-34.
Documented review of consolidation schedules and elimination adjustments supporting group accounts	We have not received consolidation schedules for 22/23 as of 18 November 2024 and therefore have not seen evidence of the operation of this control.
Documented check the figures agree to underlying supporting working papers, which have been appropriately completed and reviewed, with appropriate review of a documented audit trail of any adjustments between the general ledger and the statement of accounts	We did not see evidence of the operation of this control

Internal control: financial reporting controls(2)

Financial statement checks (continued)

Consistency checks	Issues noted
Agree the additions in the PPE and other fixed asset notes to the note on Capital Expenditure and Capital Financing	None noted
Agree the depreciation and impairment charges in the PPE and other fixed asset notes to the Capital Adjustment Account and Statutory Adjustments notes	The notes in 20/21 did not agree and this has been noted as an uncorrected disclosure misstatement on page 36.
Agree the surplus/deficit for the year from the Comprehensive Income and Expenditure Statement to the Movement in Reserves Statement, cashflow statement, and Expenditure and Funding Analysis.	None noted
Agree the movement on the HRA balances in the Housing Revenue Account to the Movement in Reserves Statement.	None noted
Check consistency of statutory overrides and adjustments between the Expenditure and Funding Analysis, Movement in Reserves Statement, and related disclosure notes.	None noted
Check that the Capital Financing Requirement matches to fixed assets less revaluation reserve and capital adjustment account, or that any differences are understood.	The Capital Financing Requirement did not reconcile to other movements in the financial statements in either 20/21 or 21/22 and has been noted as an uncorrected disclosure misstatement on page 36.

Purpose of our report and responsibility statement

Our report sets out the work we have performed and the impact of the backstop provisions upon our audit.

This report has been prepared for the Audit and Governance Committee and the Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

Deloitte LLP

Cardiff| 3 December 2024

Appendices

Audit adjustments

Unadjusted misstatements

The following uncorrected misstatements have been identified which we request that you ask management to correct as required by ISAs (UK). We have assumed that the unadjusted misstatements reported in relation to the 2019/20 audit have not been corrected in 2020/21. We have not raised any new misstatements as we have not been able to conclude on our work, however those indicative of potential misstatements are included in the outstanding audit queries from page 37.

		Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) OCI/Equity £m
Misstatements identified in prior year				
Pension liability – Goodwin	[1]	-	(3.000)	3.000
Ridgeway House	[2]	-	0.084	(0.084)
Crematorium Lodge	[3]	-	(0.234)	0.234
Disposals made in error	[4]	-	0.936	(0.936)
Duplicate assets	[5]	-	(2.089)	2.089
Cost of Asset Disposals Debtor GL Code	[6]	-	(0.882)	0.882
Properties not on FAR	[7]	-	-	-
Archetype classification	[8]	-	0.636	(0.636)
Understatement of accruals (actual and extrapolated)	[9]	-	(2.959)	2.959
Overstatement of employer's pension contributions	[10]	-	(0.981)	0.981
Properties incorrectly on FAR	[11]	-	(1.443)	1.443
Trust assets	[12]	-	(1.347)	1.347
DIY SO Properties	[13]	-	1.038	(1.038)
Housing benefit accruals	[14]	-	-	-
Pension liability – Impairment of Assets	[15]	-	(5.065)	5.065
Waste vehicle finance leases	[16]	-	-	-
Total		**-**	**(15.306)**	**15.306**

Audit adjustments

Unadjusted misstatements (continued)

[1]	Although the Council is aware of the Goodwin case, we understand that it had not been reflected in the Defined Benefit Obligation in 19/20; our view is that it should be. Based on general information that we have from Hymans Robertson, we understand that for a typical employer's section, the Goodwin impact cost could be of the order of 0.2% of the Defined Benefit Obligation, i.e. around £3m.
[2]	We note that for the fixed asset, Ridgeway House Old Peoples' Home, The Lawns, Wootton Bassett, following a challenge by our valuation expert, the Council's valuer has acknowledged that the adopted land value rate was too low as a rate of £200,000 per hectare was applied and the valuer has now revalued the asset adopting a revised land rate of £375,000 per hectare in 19/20. On this basis the value of this asset has been adjusted from £1,498,112 (buildings £1,402,060, land £96,052) to £1,582,158 (buildings £1,402,060, land £180,098) but this adjustment has not been made by the Council due to it being immaterial. We have obtained confirmation from the Council's external valuers that no other assets were affected by the incorrect land value rate being used in the valuation.
[3]	We note that in 19/20 the fixed asset, Crematorium Lodge, had not been revalued in the last 3 years and on further investigation it should have actually been disposed of as it has been transferred to a city council. We note the NBV is not material so has not been corrected and any related depreciation charges have not been added to the misstatement as this would be highly trivial. The Council have confirmed this will be corrected in 2020/21 accounts and recognised as a disposal.
[4]	We noted during our disposals testing in 19/20 that 3 assets had been processed as disposals in the year in error and were actually still owned by the Council as at 31 March 2020. This meant that the loss on disposal in the year disclosed in Note 3 is overstated and the total value of disposals is also overstated in Note 15 due to the loss on disposal equalling the net book value of the disposed assets. The factual adjustment has not been corrected because it is not material at £935,170 and will be corrected for 2020/21.
[5]	We identified two assets which have been recorded twice in the fixed assets register in 19/20 (Amesbury Salt Store Depot £1.959m and Highways Depot (South) – Salisbury £0.130m) resulting in an overstatement of the property, plant and equipment balance.

Audit adjustments

Unadjusted misstatements (continued)

[6]	In 19/20 we identified that GL code 919995 'Cost of Asset Disposals' which sits within short term debtors is incorrect and these do not represent valid debtors. Per discussions these are legal costs and demolition costs associated with the disposal of assets. From a sample of 3 we identified that none of the assets have yet been sold and 2 were not classified as surplus within the FAR. Therefore, 100% of the debtors balance is not recoverable. These are recognised as debtors incorrectly, with the intention to release them to offset against capital receipts once sold. However this is not in line with accounting standards. Therefore the whole GL code with value of £882k is incorrect and should be removed from debtors. This will be processed in future accounts. From review of the breakdown of the £882k we can see that there is £128k of spend in 19/20 and a reduction of £209k in the year of the debtors balance.
[7]	As part of the Council's Asset Existence Exercise in 19/20 the Council identified two assets which are not included in the FAR but should be. These are: Melksham HRC and the Bradford on Avon Library. Neither of these have been valued so net book values are not available. However, based on our considerations we have no reason to believe that the value of these would be material. This misstatement is that PPE is understated by the value of these assets which is currently unknown.
[8]	We identified two instances in our sample testing in 19/20 where two storey properties had been classified as medium rise flats and therefore were included in Archetype 11. However, medium rise flats are defined as 3-5 stories tall. As such these two properties should be classified in Archetype 10. We performed some calculations to determine the potential error based on the average value of a property in each archetype. The value of the possible error is therefore a £636k understatement which is immaterial.
[9]	We identified a number of instances of the understatement of accruals through our testing of a sample of payments that left the bank post year end (errors: £323k) to determine which financial year these relate to. We have extrapolated these errors over the population tested to determine whether they may be indicative of a material misstatement and have not identified any issues with these extrapolations not being material.
[10]	Per the IAS 19 letter from the Pension Fund Auditors, we were informed that the employers contributions figure per the IAS 19 report was £981k higher than per the pension system in 19/20.
[11]	As part of the Asset Existence Exercise the Council identified a number of assets which are included on the FAR in error as they are not supported by Council records in 19/20. These assets are no longer owned by the Council and should have been removed from the FAR. It is assumed that the assets were disposed of by the Council in previous years.

Audit adjustments

Unadjusted misstatements (continued)

[12]	The Council held a review of the King George assets in March 2021 following up from the recommendation raised in 2018/19. This identified several assets which should be removed from the Council's accounts.
[13]	The Council disposed of 26 DIY shared ownership properties in error due to not thinking these were owned by the Council and subsequently discovering that they were. Additionally, these properties had never been revalued.
[14]	The Council doesn't accrue for housing benefit payments and these are instead recognised on a cash basis when they are paid. We have determined that the impact on expenditure would not be significant and have estimated the impact to the balance sheet to be a potential understatement of accruals and receivables of £7.5m.
[15]	There were a series of investment assets held by the pension scheme which due to stale pricing issues with the valuation of the fund liability led to an impairment of £11,779k for the pension fund as a whole. The impact for Wiltshire Council of this is £5,065k understatement of the pension liability.
[16]	In 19/20 the Council reclassified and remeasured waste vehicles as a finance lease - receivable (previously treated as REFCUS). As a result of this correction the Council is showing a finance lease receivable on the balance sheet. We agree that this is a lease and that in most cases we would expect the Council as a lessor to recognise a finance lease receivable, however, that's because usually the lessee would be making cash payments in relation to the lease. In this instance, the Council is not entitled to, nor is it receiving, cash payments from the lessee and it is instead receiving a reduction in the price of the waste contract (which is not viewed as an entitlement to receive cash). For this reason that we believe it's appropriate for the asset being recognised in this arrangement to be a prepayment as the provision of the waste vehicles to the supplier up front has led to a reduction in the waste contract price, or in other words, the Council has effectively prepaid an element of the waste contract cost with the consideration being the provision of the vehicles rather than a cash payment. We don't think it's accurate to record a finance lease receivable on the basis that the Council doesn't have any right to receive future cash flows as part of this arrangement. We do not view the abatement of the services contract as equivalent to a right to receive cash – any receivable would not be settled with cash. The Council is instead entitled to pay less for future services, hence our characterisation as a prepayment. The disagreement in the correct accounting treatment on the CIES is immaterial, with the most significant impact affecting the type of asset the Council is recording on the balance sheet - either a prepayment within long term/short term debtors of £12,171k, or a long term/short term finance lease receivable and as such we don't consider the current presentation to be materially incorrect.

Incomplete & Potential Errors

The table below includes the errors/potential errors which we identified in the 2019/20 audit but which at the time of issuing our disclaimer opinion had not been fully quantified. These have been included as they indicate possible misstatements in the 20/21 and 21/22 accounts.

No.	Description of error/potential error
1	The Council has Infrastructure assets on the balance sheet with a net book value of £410.4m valued on a modified historic costs basis. All infrastructure is depreciated by the Council over a useful economic life of 60 years. The Council only has records sufficient to support 23% of this balance, the remaining balance cannot be tested back to underlying records to determine the correct classification as infrastructure or the classification of the balance into sub-categories of roads, bridges, drainage, streetlights and cycle routes. As we would expect there to be different useful economic lives for these sub-categories, without an analysis between the sub-categories we are unable to determine if the average useful economic life applied by the Council was reasonable and does not result in a material misstatement of depreciation or netbook value.
2	We identified some differences between the changes made to the financial statements to reflect the service asset reclassification and the listings in the supporting working papers. This identifies a potential issue within note 15 (when comparing the changes between V11 and V12 and the supporting listings) for 2018/19 of approximately £982k in opening cost, £652k in closing cost, £660k in opening depreciation and £653k in closing depreciation, resulting in a NBV difference of £322k. In addition, in the 2017/18 column on the balance sheet there is a difference of £322k between other land & buildings and vehicles, plant, furniture and equipment (when comparing the changes between V12 and V13 and the supporting listings).

Incomplete & Potential Errors (continued)

No.	Description of error/potential error
	During our work on the reclassification of service assets (in response to the error identified where service assets were incorrectly categorised in the PPE note) we identified several assets with carried forward impairment/depreciation balances despite being revalued. The Council has done some work to correct the error however we have not tested this. In addition, we encountered issues in being able to test proposed adjustments as the Council had not been updating the FAR for PPE errors identified throughout the audit. Therefore, we have not been able to quantify the full impact of this.
3	Between version 12 and 13 of the financial statements a number of balances within the PPE Note 15 were changed by the Council. These included a £47m adjustment to cost brought forward, £6m adjustment to revaluation increase/ decreases recognised in Reval reserve, £14m adjustment to revaluation increase/ decrease in surplus/ deficit on provision of services resulting in total adjustment to cost of £39m. In terms of accumulated depreciation the changes were: brought forward £47m adjustment, £14m adjustment to revaluation losses/ impairment recognised in surplus/ deficit on provision of services, £6m adjustment to revaluation losses/ impairment recognised in revaluation reserve, leading to an overall adjustment of £39m in accumulated dep carried forward. No impact on NBV. We have not completed testing of these changes.
4	During our testing of the reclassification of services adjustment we identified a number of errors which had been corrected in year. These included 6 assets which had a brought forward accumulated depreciation/impairment balance which appeared incorrect, however, 3 of these were revalued in year, so the brought forward balance was written out on revaluation, and the other 3 assets were reduced to nil and written out in year. Effectively, there is a potential error in the brought forward balance of £831k and there may be further errors as our testing was not extended.
5	We completed some additional journal testing related to automatic journals. This testing identified a shared ownership lease of a property which we have not been able to locate within the Council's lease working papers which may indicate that lease disclosures are incomplete.

Audit adjustments

Call and Cast – 2020/21

The following have been identified as part of our call and cast procedures on the accounts to check arithmetic accuracy, consistency of comparative balances and consistency throughout the accounts. These are above our reporting threshold and have been identified up to the date of this report and communicated to management but have not been resolved. We request that you ask management to correct any errors as required by ISAs (UK).

Prior Year Comparative Inconsistencies	Area	Amount
Movement in Reserves Statement: Actual amount charged against the General Fund Balance for pensions in the year: Employer’s contributions payable to the scheme - £39.2m. This figure is not disclosed in the prior year financial statements.	49 – Defined Benefit Pension Schemes	£39.2m
Balances were not disclosed in 2019/20 accounts.	53 – Trust Funds	N/A
Education and Skills previously stated net expenditure £53.4m instead of £31.3m.	54 – Prior Period Adjustments	£22.1m
Movement in Reserves - Adjustments between accounting basis and funding basis £41.0m instead of £41.4m.	54 – Prior Period Adjustments	£0.4m
Housing Revenue Account – Total expenditure £22.2m instead of £22.7m. Net cost of services per Income & Expenditure account £4.7m instead of £4.1m. Surplus/ Deficit for the Year on HRA Services £4.8m instead of £5.1m.	Housing Revenue Account	£0.5m, £0.6m & £0.3m
Collection Fund – Non-Domestic Rates 2019/20 Income £150.6m instead of £151.2m.	Collection Fund	£0.6m
Arithmetic Errors	Area	Amount
DSG Reserve cross-casts to £11.4m instead of nil. Total cross-casts to £108.2m instead of £119.6m.	32 – Transfers to/ from Earmarked Reserves	£11.4m
Internal Inconsistencies	Area	Amount
Grant Receipts in Advance in the Balance Sheet is presented as £4.9m. Grant Receipts in Advance per Note 6 are £6.1m.	Balance Sheet & Note 6	£1.2m
2019/20 total PPE assets on the Balance Sheet are presented as £1,121.4m and £1,119.2m per Note 15.	Balance Sheet & Note 15 PPE	£2.2m
Book values as at 31 March in Note 18 are inconsistent with the presentation in Note 15 and the Balance Sheet	18 – Fixed Asset Valuation	N/A

Audit adjustments

Call and Cast – 2021/22

The following have been identified as part of our call and cast procedures on the accounts to check arithmetic accuracy, consistency of comparative balances and consistency throughout the accounts. These are above our reporting threshold and have been identified up to the date of this report and communicated to management but have not been resolved. We request that you ask management to correct any errors as required by ISAs (UK).

Prior Year Comparative Inconsistencies	Area	Amount
The Cashflow statement is inconsistently presented with the prior year financial statements with cash and cash equivalents at the end of the period disclosed with brackets instead of without brackets as in 2020/21.	Cash Flow Statement	N/A
Comparative amounts reported are inconsistent with the amounts reported in the 2020/21 financial statements, and no disclosure has been made in respect of any restatement of these amounts: D – Brought forward from previous year 0 instead of £- 11.4m E – Agreed initial budget distribution £188.6m instead of £177.2m G – Final Budgeted Distribution £189.1m instead of £177.8m J – In Year Carry Forward as at 31 March £7.4m instead of £18.7m L – Addition to DSG unusable reserve at the end of the year £7.4m instead of 0	7 – Dedicated Schools Grant	Various
Comparative amounts reported for the Chief Executive are inconsistent with the amounts reported in the 2020/21 financial statements, and no disclosure has been made in respect of any restatement of these amounts.	10 – Officers Remuneration	£0.1m
Comparative amounts reported are inconsistent with the amounts reported in the 2021/22 financial statements, and no disclosure has been made in respect of any restatement of these amounts. This is primarily due to the inclusion of PFI creditors in the note which were not included in the 2020/21 financial statements.	51 – Fair Value	Various
Arithmetic Errors	Area	Amount
Closing balance on DSG reserve cross-casts to £11.4m instead of nil. Total closing balance cross-casts to £108.2m instead of £119.6m.	31 – Transfers to/ from Earmarked Reserves	£11.4m
Unable to cast as the percentage column is not populated.	49 – Defined Benefit Pension Schemes	N/A

Audit adjustments

Call and Cast – 2021/22 (continued)

Internal Inconsistencies	Area	Amount
Other comprehensive income and expenditure is reported as £323.6m per the CIES and £324.8m per Total Comprehensive Income and Expenditure line in the Movement in Reserves statement.	Comprehensive Income & Expenditure Statement & Movement in Reserves Statement	£1.2m
Capital grants and contributions presented as £59.7m in Note 5 but Cash receipts of capital grants in Note 40 £58.5m.	5 – Taxation and Non-specific Grant Income & 40 – Cash Flow Investing Activities	£1.2m
Use of the Capital Receipts Reserve to finance new capital expenditure £5.5m in note 14, but £6.6m in note 34 & 37. Use of the Capital Receipts Reserve to finance repayment of HRA debt £3.2m in note 14, but £2.0m in note 34 & 37.	14 – Adjustments between accounting basis and funding basis under regulations, 34 – Usable Capital Receipts Reserve & 37 – Capital Adjustment Account	£1.1m & £1.2m
HRA vacant possession value is reported as £1,012.051 billion which appears to be the incorrect unit of measurement with billion being an overstatement.	Housing Revenue Account	N/A

There are a number of additional rounding differences and inconsistencies within the financial statements for 2020/21 and 2021/22 in addition to those reported above, which although below our individual reporting threshold would ordinarily be corrected as part of the finalisation of the financial statements.

Audit adjustments

Unadjusted disclosure misstatements

Disclosure misstatements

The following uncorrected disclosure misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

<table>
<tr><th>Financial year</th><th>Disclosure</th><th>Quantitative or qualitative consideration</th></tr>
<tr><td>2020/21</td><td>The CIPFA Checklist was not completed by management with cross references to the relevant parts of the financial statements an annual report. From our review of the CIPFA checklist we identified several requirements which had not been met including:
• The service line presentation does not align with the Council's internal management reporting as identified in 19/20;
• Description of the agreed medium and long-term strategies of the Council, including its financial strategy and plans to address future resource shortfalls. Additionally, information on key commitments and known future budget pressures;
• Stating the basis of preparation and presentation to allow users to understand how materiality and the group accounts boundary decisions are made;
• In the analysis of the adjustments between accounting basis and funding bases the following do not seem to be included: amount by which pension costs calculated in accordance with the Code are different from the contributions under the pension scheme regulations and the statutory provision for repayment of debt;
• A disclosure that demonstrated whether the Dedicated Schools Grant has been deployed in accordance with the regulations made under Sections 45A, 45AA, 47, 48(1) and (2) and 138(7) of, and paragraph 1(7)(b) of Schedule 14 to, the School Standards and Framework Act 1998; and
• The required disclosures of statutory credits and debits to the collection fund including business supplements, contributions towards deficits/ surpluses for council tax and non-domestic rates, discounts for prompt payment etc.
A full list of exceptions has been shared with management.</td><td>A statement will be included in our opinion drawing attention to missing disclosures.</td></tr>
</table>

Audit adjustments

Unadjusted disclosure misstatements

Disclosure misstatements

The following uncorrected disclosure misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

Financial year	Disclosure	Quantitative or qualitative consideration
2020/21	As noted on page 23 we agreed the depreciation and impairment charges in the PPE and other fixed asset notes to the Capital Adjustment Account and Statutory Adjustments notes. A difference of £0.608m was identified in depreciation and £0.575m in impairment between note 37 and note 15. This was raised with the Council but has not been resolved.	Indicative of possible misstatement.
2020/21 & 2021/22	As noted on page 23 we checked that the Capital Finance Requirement matches to the fixed assets less revaluation reserve and capital adjustment account. Unresolved differences of £8.516m in 20/21 and £15.973m in 21/22 were identified.	Indicative of possible misstatement.
2020/21 & 2021/22	The Annual Governance Statements for both 2020/21 and 2021/22 have not been appropriately updated to reflect the current situation which will be reported in our opinion. These issues include not appropriately reflecting the 2019/20 disclaimer opinion, the control deficiencies raised, and the statutory recommendation made.	Insufficient explanation of circumstances reported in the Annual Governance Statements which could be misleading.
2021/22	Note 11, External Audit Fees identified an additional fee for 20/21 of £100k which we are not aware of.	Indicative of possible misstatement.

Audit adjustments

Unresolved audit queries (1)

Our procedures identified several potential issues with the draft financial statements, which would ordinarily need to be concluded upon prior to completion of an audit. Due to the time constraints of the backstop, management has not been able to fully investigate all of these queries. As the potential issues have not been concluded upon, we have not identified them as quantified misstatements. We have summarised the open queries below, for the Audit & Governance Committee's consideration when approving the financial statements.

Financial year	Area of the financial statements	Audit query	Quantitative or qualitative consideration
2020/21 & 2021/22	Annual Report, Primary Statements & Notes to the Accounts	There are a number of areas of rounding differences and inconsistencies within the financial statements, which would ordinarily be corrected as part of the finalisation of the financial statements. For example, differences in the comparatives shown to the previous financial statements in areas including the dedicated schools' grants and directors' remuneration; cross-casting issues; and inconsistencies in the presentation of balances and segments across notes. Additionally, we identified several notes which have been cut off or do not contain sections previously disclosed.	These are indicative of possible misstatements and disclosure deficiencies.
2020/21	Restatements of Prior Year Amounts	We raised a number of queries due to missing explanations for restatements of prior year numbers and ensuring these are consistent with work done in 2020 which have not been resolved.	There is a risk that restatements may be incorrect and may represent the incorrect application of IAS 8.
2020/21	Provisions	The majority of the business rates retention scheme appeals balance at 1 April 2021 remains at year end indicating there is a proportion which is incorrectly classified as a short-term provision in the 20/21 accounts.	Indicative of possible misstatement between long term and short-term liabilities.

Audit adjustments

Unresolved audit queries (2)

Financial year	Area of the financial statements	Audit query	Quantitative or qualitative consideration
2020/21	Primary Statements & Notes to the Accounts	Analytical Review Queries: A number of queries were raised regarding understanding the reasons for movements in balances • Income & Expenditure for the following lines in the CIES: ASC Operations – Access & Reablement and Corporate. Additionally, why corporate is a large net income position in 19/20; • Significant change in the surplus or deficit on revaluation of PPE assets; • Minimal movement in staff costs year on year which is surprising as usually there are pay rises and headcount changes and note 10 indicates there are significantly more individuals in higher bands compared to the PY; • Minimal movements in some lines of income despite Covid-19 where there were significant programmes to support business that were funded by the government; • Depreciation, amortisation and impairment and other services expenses in note 1b; • Significant increase in other loans and advances per note 26b; • Note 37 charges for depreciation of non-current assets has reduced significantly.	These queries are to ensure we have a full understanding of the reasons for significant movements in balances throughout the accounts as large unexplained movements can be indicative of additional risks and possible misstatements.
2020/21	Balance Sheet	The balance sheet includes a note stating that is it a consolidated balance sheet however it is not clear what has been consolidated.	This could indicate a consolidation of which we are unaware.

Audit adjustments

Unresolved audit queries (3)

Financial year	Area of the financial statements	Audit query	Quantitative or qualitative consideration
2020/21	Director of Finance Narrative Report	The narrative report mentions the transfer of unspent grant money to reserves to support on-going support related activities and the financial resilience of the council. We raised a query regarding whether this accounting treatment is in line with the CIPFA Guidance, particularly F12 of the guidance notes. Additionally, the inconsistency in whether savings goals were attained or not.	Indicative of misstatement and incorrect accounting treatment.
2020/21	Financial & Performance Review	A number of queries were raised regarding the reconciliation of balances quoted in the review to the relevant sections of the financial statements and confirming understanding and consistency within this section.	Indicative of possible disclosure deficiencies and inconsistency within the financial statements.
2020/21	Cash	Several queries were raised regarding cash including: • The impact of the breach of the counterparty limit for the HSBC current account noted; • The accounting treatment of overdrafts as cash and cash equivalents.	Identification of non-compliance with laws and regulations and possible errors in the accounting treatment applied.
2020/21	Fixed Asset Valuations	Understanding the work completed to determine that there is no material change in the value of assets not revalued in year.	Information to assess possible material impact on those not revalued.
2020/21	Investments	Explanation for the additional investment of c.£60m at year end, including where the cash came from as we cannot gain insight of this from the cashflow statement.	Indicative of possible disclosure deficiency.

Audit adjustments

Unresolved audit queries (4)

Financial year	Area of the financial statements	Audit query	Quantitative or qualitative consideration
2020/21	Planning Deposits	Explanation for the inclusion of a planning deposit line on the face of the balance sheet.	Additional information needed to determine appropriateness.
2020/21	Grants	Agent amounts are shown as credited to the balance sheet in Note 6. Query has been raised regarding whether this is appropriate treatment.	Indicative of possible misstatement.
2020/21	Assumptions made about the future and other major sources of estimation uncertainty	The arrears section of this disclosure refers to short term debtors but the figure quoted is short term and long term so clarity sought as to which is correct.	Indicative of possible disclosure deficiency.
2020/21 & 2021/22	Annual Governance Statement	A number of queries have been raised on the annual governance statements including: • Identification of typos and formatting issues; • Principle G has not been updated to reflect the current position of the audit; • Principle F additional wording to be added to reflect issues and disclaimer of 19/20 and the number of control recommendations • Explanation of why there was a disclaimer in 19/20 for context for users. Additionally refers to both except for and disclaimer but it cannot be both. • The “How we can Improve” sections make no reference to addressing the Statutory Recommendation made in 2019/20.	The current annual governance statement does not reflect the current position of the audits of the council’s financial statements and the findings from those. This will be reported in our opinion.

Audit adjustments

Unresolved audit queries (4)

Financial year	Area of the financial statements	Audit query	Quantitative or qualitative consideration
2020/21 & 2021/22	Note 15 PPE	There are accumulated depreciation balances remaining after revaluation for council dwellings in both 20/21 and 21/22. Query regarding what is included within the category adjustments line.	This could indicate possible misstatements.
2020/21 & 2021/22	Annex 1 Accounting Policies	There are a number of areas of typos and inconsistencies with the financial statements and notes. Additionally, these refer to the subsidiary companies being material and producing group accounts which we understand not to be the case.	This could be misleading to readers of the accounts.
2020/21 & 2021/22	Stone Circle	Queries were raised regarding Stone circle: • Has an impairment review has been done for the amounts held on the balance sheet given the trading position of Stone Circle? • Evidence that Stone Circle was immaterial in 2020/21 & 2021/22 and therefore does not require consolidation.	This information is needed to assess whether there is a misstatement in the investment value recognised and ensure the council has appropriately produced non-group accounts.

Audit adjustments

Unresolved audit queries (5)

Financial year	Area of the financial statements	Audit query	Quantitative or qualitative consideration
2020/21 & 2021/22	Grants	A number of queries have been raised regarding grants and their presentation throughout the financial statements including: • Inconsistencies in amounts presented between the Financial and Performance Review and notes to the financial statements, including grants identified which are not shown within note 6 and the capital programme noted as being funded by grant amounts which do not agree to the notes in the financial statements; • Inconsistencies between primary statements and the relevant notes in relation to grant receipts in advance; • Collection Fund s31 grant and covid-19 business grants in Note 32 are shown as being held as earmarked reserves rather than grants received in advance in 20/21.	Indicative of possible misstatements and disclosure deficiencies.
2021/22	Note 10: Officers Remuneration	A number of queries regarding the presentation of amounts within the officer's remuneration note, including what makes up payments and how they are calculated.	Indicative of possible disclosure deficiencies.

Audit adjustments

Unresolved audit queries (6)

Financial year	Area of the financial statements	Audit query	Quantitative or qualitative consideration
2021/22	Primary Statements & Notes to the Accounts	Analytical Review Queries: A number of queries were raised regarding understanding the reasons for movements in balances • Income & Expenditure for the following lines in the CIES – Living & Ageing Well, Procurement & Commissioning, Corporate Directors & Members, Corporate including why there is negative expenditure and positive income; • Significant decreases in other local authorities, government departments and sundry creditor balances in Note 28; • Increase/ decrease in creditors within the cashflow seems low considering the size of the movement in creditors on the balance sheet; • Large increase in property valuation; • Explanation for the repayment of grant line in the CIES; • Depreciation, amortisation and impairment and other services expenses in note 1b; • Amount by which non-domestic rate income credited to the CIES is difference from income calculated in accordance with statutory requirements per note 14; • The makeup of the corporate adjustments for capital purposes balance in Note 13.	These queries are to ensure we have a full understanding of the reasons for significant movements in balances throughout the accounts as large unexplained movements can be indicative of additional risks and possible misstatements.

Audit adjustments

Unresolved audit queries (7)

Financial year	Area of the financial statements	Audit query	Quantitative or qualitative consideration
2021/22	Note 11: External Audit Fees	This note identified an additional fee for 20/21 of £100k which we are not aware of. We have reported this as a disclosure deficiency.	This could indicate a misstatement in the audit fees disclosed.
2021/22	Cashflow Statement	The cashflow notes that it is consolidated however it is not clear what has been consolidated.	This could indicate a consolidation of which we are unaware.
2021/22	Primary Statements & Notes to the Accounts	In certain places we identified possible restatements of 20/21 balances which did not include explanations, for example Note 14.	This could indicate misstatements with restatements of amounts.
2021/22	Note 14 Adjustments between accounting basis and funding basis	We requested a reconciliation of the balances in the note to the fixed asset note.	This could indicate disclosure deficiencies if these balances cannot be reconciled.
2021/22	Note 25 Assets Held for Sale	Has an assessment been done to assess the held for sale items from 2020/21 that did not sell to determine if it is correct to continue to hold them as held for sale.	This indicates a possible misstatement.
2021/22	Note 30 Financial Instruments	What is the principal of £10m disclosed for long term investments.	This could indicate an additional risk of misstatement.
2021/22	Housing Revenue Account	The second paragraph of disclosures states that the vacant possession value of the properties was £1012.051 billion which appears incorrect.	This indicates a possible misstatement.

Internal control: prior year control findings

Summary

Our 8 February 2024 report on the 2019/20 audit detailed identified internal control and risk management findings, and our recommendations for addressing them. Given the limited scope of our procedures, we have not evaluated the extent to which management has implemented their responses to these recommendations. The Audit & Governance Committee may wish to receive an update from management on progress against our previous recommendations as part of their approval of the financial statements, or as part of oversight of the financial reporting process for later years of account.

Independence and fees (1)

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Group and and our objectivity is not compromised.
Audit fees	Public Sector Audit Appointments Ltd (PSAA) set the scale fee for the audit of the Council for 2020/21, 2021/22 and 2022/23 at £129k per year . The scale fee is based on assumptions about the scope and required time to complete our work. It does not reflect changes in the scope of work (including from the introduction of new Value for Money requirements in 2020/21). These are subject to separate agreement with the Council and PSAA. PSAA has not yet confirmed its approach for the determination of fees for audits affected by the backstop.
Non-audit services	There are no non-audit services we have provided in respect of the financial years 2020/21, 2021/22 or 2022/23. In our opinion there are no inconsistencies between the FRC's Ethical Standard and the Council's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We have no other relationships with the Authority, its members, officers and affiliates, and have not supplied any services to other known connected parties.