



AUDIT AND GOVERNANCE COMMITTEE

16th April 2024

Wednesday, 24th April, 2024, 6.00 pm in Town Hall, Market Street, Tamworth

SUPPLEMENT – ADDITIONAL DOCUMENTS

Further to the Agenda and Papers for the above meeting, previously circulated, please find attached the following further information, which was not available when the agenda was issued:

Agenda No. Item

7. **Audit Interim Progress Report** (Pages 3 - 12)
(Report of External Auditors, Azets)

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. C. V.' with a stylized flourish at the end.

Chief Executive

To Councillors: D Maycock, B Clarke, S Daniels, S Doyle, B Price, R Pritchard and P Thurgood.

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Tamworth Borough Council

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Interim progress report

Year ended 31 March 2024

April 2024



Agenda Item 7

Your key team members

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Introduction

Adding value through the audit

All our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Purpose

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

The paper also includes:

- Details of progress made to date and whether it is on track; and
- Where progress is on track, any initial findings which may impact the final accounts audit

Members are invited to consider the progress reported in this paper and any actions considered necessary in response.

Auditor reporting delays for previous periods and the impact on our audit

Although we are planning to complete your audit for the year ended 31 March 2024 in line with the statutory timetable, so that we can report our initial findings to your Audit Committee in late 2024, please note that we will not be able to fully complete our audit, issue our auditor's report and certify the closure of the audit until your predecessor auditor has completed their audit for the year ended 31 March 2023. Once the 2023 audit has been completed, we will need to review the predecessor auditor's audit file to gain assurance over your opening balances as at 1 April 2023, and consider the impact on our audit of any modifications to their auditor's report.

Further, once the 2023 audit has been completed, we will revisit our planning procedures and audit plan to assess whether any additional procedures are required over and above those we have previously identified in our audit plan. Should additional procedures or changes to the plan be required, we will report these to you. The cost of additional work to revisit planning upon completion of the prior year audits will also be reported to you.

Introduction

Council responsibilities

The Council has responsibility for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support its financial statements and related reports disclosures; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Our expectations and requirements

In our audit plan, we set out the following requirements to enable us to deliver the audit in line with the agreed fee and timetable:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit; and
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays.

Introduction

Continued progress of the audit

We have held meetings with the Executive Director of Finance (S151), Assistant Director of Finance, Chief Executive and Chair of the Audit Committee to inform our planning.

Engagement with management has been excellent and we have received responses to a range of planning enquiries and requests, enabling us to progress our planning work. Where information has been received, we have not at this stage identified any adverse findings to report to you.

Our interim audit took commenced on 4 March 2024 and lasted for two weeks. As part of this, our team spent a number of days on site to complete planning, start some early testing and meeting with relevant staff members.

We will ensure our final accounts audit will incorporate onsite days to ensure an efficient and effective audit process.

Should anything arise between now and commencement of the audit in July 2024 that changes the risks or planned procedures, we will report these to you.

We have summarised our work progress to date on pages 6 – 8 for your information.

Audit work plan tracker

We have outlined below progress to date on planning, risk assessment and early testing in relation to the financial statement audit

Planned activity	Progress	Issues, impact and actions	Progress	Findings
Property, plant and equipment (PPE) – existence & rights and obligations testing	We have completed early work on existence and rights and obligations and existence testing for PPE up to month 10.	As management were unable to provide evidence over the historical cost valuation for parks and open spaces, we will look to gain this assurance via our review of the predecessor audit file as well as verifying a sample of enhancements since 2010.	Green	We identified that the parks and open spaces are not separately identifiable on the fixed asset register and will raise a best practise recommendation finding in our ISA 260. We are satisfied that this is not material to the financial statements.
Walkthroughs	We have completed walkthroughs for significant risk areas of the financial statements. Partial walkthroughs were completed for PPE valuations and pensions valuations based on information available to date. We will complete these walkthroughs at year end when the remaining information is available. We have also documented material business process notes with the exception of the collection fund which we are liaising with management to arrange.	This work is still in progress.	Green	No issues noted at this stage.

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KEY:

RED: Information required significantly delayed and statutory deadline may not be met / significant issue identified as finding

AMBER: Information required is delayed / issue identified

GREEN: Information required received and audit on track / no significant adverse findings or issues identified

Audit work plan tracker

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Planned activity	Progress	Issues, impact and actions	Progress	Findings
IT General controls	The work in this area is substantially complete and is currently going through our internal review process.	Following review, findings will be discussed with management.	Green	No issues noted at this stage.
Planning inquiries with management	We have received response from management.	N/a.	Green	No issues noted.
Preliminary going concern assessment	We have completed our preliminary going concern assessment.	N/a.	Green	No issues noted.
Responses to preliminary analytical review queries	We have completed the preliminary analytical review.	We will complete an updated analytical review on receipt of the draft accounts.	Green	No issues noted at this stage.
Review of internal audit	We have completed the review of internal audit at planning.	N/a.	Green	No issues noted at this stage.
Planning inquiries with Those Charged With Governance	We have received responses from those charged with governance.	N/a.	Green	No issues noted.

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Audit work plan tracker

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Planned activity	Progress	Issues, impact and actions	Progress	Findings
Valuer engagement	We have sent our formal enquiries to the Council's valuer with a request to receive responses by 30 April 2024.	Early engagement with the valuer has confirmed this deadline is appropriate and we will receive a response by this date.	Green	No issues noted at this stage.
Prepared by client working paper request	We have submitted our working paper requests ("prepared by client" (PBC) list) for final accounts on Inflo.	N/a.	Green	N/a.
Interim expenditure testing	We have received information from management with regards to our selected expenditure sample and our team is currently working through this.	This work is currently in progress.	Green	No issues noted at this stage.
Additions testing	We have completed early work on additions testing for PPE up to month 10.	N/a.	Green	No issues noted at this stage.
Employee remuneration starters and leavers testing	We have completed testing for starters and leavers testing up to month 10.	N/a.	Green	No issues noted at this stage.
Value for money risk assessment and planning	We have completed our value for money planning risk assessment and our work is underway in this area. Meetings have been held or are in the process of going into the diary.	N/a.	Green	No issues noted.

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Audit work plan tracker

Planned activity	Progress	Issues, impact and actions	Progress	Findings
Review of predecessor auditor files	As the 2022/23 external audit has not yet been completed, we are unable to perform a review of the predecessor audit file as at the date of this report.	This work will be completed once the 2022/23 audit has been completed.	n/a	n/a
Opening balance testing	We are unable to complete our opening balances work until the 2022/23 audit is signed off. We will complete a test to agree the final signed financial statements to the opening trial balance as at 1 April 2023 once the accounts have been finalised.	This work will be completed once the 2022/23 audit has been completed.	n/a	n/a
Review of prior year accruals	As the 2022/23 external audit has not yet been completed, we are unable to perform a review of prior year accruals as we do not have a final set of financial statements to review.	This work will be completed once the 2022/23 audit has been completed.	n/a	n/a

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