



Three Rivers District Council

Interim progress report

Year ended 31 March 2024

May 2024



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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 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
- 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, and earlier years, 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;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays.

Audit progress

Continued progress of the audit

We have held meetings with the Chief Finance Officer and Chief Executive, as well as made enquiries of the Chair of the Audit Committee to inform our planning.

Our work included, but was not limited to, the following:

- Review of the entity's control environment and understanding of the financial systems;
- Value for money risk assessment and planning;
- Preliminary going concern assessment;
- Review of internal audit reports;
- Review and understanding of IT general controls;
- Planning inquiries of management;
- Payroll testing and reports up to Month 9;

- Preliminary analytical review;
- Population cleansing;
- PPE additions early testing;
- Operating expenditure early testing; and
- Fees and charges income early testing.

The above list has had good engagement with management, and we have received responses to a range of planning and interim requests, enabling us to progress the audit. Where information has been received and audit work has been performed, this is subject to management review, and we have not at this stage identified any adverse findings to report to you.

Refer to page 6 for audit work that has been delayed.

Should anything arise from our finalisation of the planning procedures that changes the risks or planned procedures, we will report these to you.

We extend our thanks to the finance team for their cooperation and positive engagement with the audit team.

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
Review of the commercial income strip's accounting treatment	We requested a paper detailing management's assessment of the commercial income strip in February 2024, as part of the interim audit. This is currently outstanding as of May 24, 2024.	The review of this will require the engagement of the firm's Technical team and a detailed review by the audit team. The delay of this information will result in reallocating time from the fieldwork stage.	Amber	TBC
Group accounts – planning and materiality calculation	We requested the 2022/23 group accounts and consolidation working paper to review the group arrangements of the Council and to determine the Group materiality figures in October 2023 as part of the planning phase. This is currently outstanding as of May 24, 2024.	The delay of this information will result in reallocating time from the fieldwork stage.	Amber	TBC
Opening balance testing	This will be completed once the predecessor auditor has concluded their prior year audits.	Once the 2023 audit, and earlier years, 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.	Amber	TBC

- 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

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