



Lewes District Council

Update to the Audit & Standards Committee on audit status

Issued for the meeting on 20 March 2023

Deloitte Confidential: Government and Public Services

Status update on the 2019/20 audit

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Our work on the 2019/20 audit is on-going

The audit team and finance officers are progressing the audit of the 19/20 accounts. Work in the majority of areas is now complete subject to quality assurance reviews, which are on-going. We have an ongoing dialogue with the finance officers and we have weekly online meetings where we communicate updates and resolve queries and outstanding matters, including outstanding information requests.

There are a number of areas where our audit work is on-going, in particular:

- Completion of procedures on housing property valuations;
- Completion of testing over housing benefit, grants, council tax, and NNDR income;
- Completion of quality assurance review procedures, including on the updated statement of accounts;

Management will update the statement of accounts for items adjusted to date and any significant further adjustments from finalisation of the above, after which we will also need to complete a review of the updated statement of accounts, including arithmetic checks and tie through of amounts reflected on the updated statement of accounts.

Status update on the 2019/20 audit

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Significant risks and other focus area 2019/20 audit

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| Property Valuations | <p>Our property valuation specialists have reviewed the work of the Council's valuers on the Council's non-HRA assets with the work on HRA assets still on-going. We have identified internal control issues and we have noted some control recommendations which will be reported in the final report. In light of the findings in respect of assets reviewed, we recommend the Council consider its controls over the valuation process, including review of the accuracy of the information provided to the valuer, and review of the valuations received by officers with understanding of the relevant assets.</p> <p>Our testing of valuation inputs and work on posting of entries is on-going. Following challenge by Deloitte's property valuation specialists, the council's valuer has adjusted their valuation for two assets, reducing the valuation by £2.1m, which management are updating in the financial statements.</p> <p>The Council's valuer identified a material uncertainty over the property valuation as at 31 March 2020 as a result of the Covid-19 pandemic. This is a common feature of 2019/20 audit across all Councils where properties are held on revaluation basis due to the volatility of markets caused by the Covid-19 pandemic, and we will make reference to this in an Emphasis of Matter in our opinion.</p> |
| Completeness of Expenditure and Liabilities | <p>Our audit procedures in this area involve focused testing on completeness of expenditure and liabilities. We have completed our testing in this area. We have not identified any significant findings from our work and we do not anticipate any issues arising from quality reviews.</p> |
| Management Override of controls | <p>We selected a sample of journals for testing and have received support for the selected items. We have not identified any significant findings from our work and we do not anticipate any issues arising from quality reviews.</p> |

Status update on the 2019/20 audit

Other focus area 2019/20 audit

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| Defined Pension Scheme | <p>We have tested the valuation of the pension liability with support from Deloitte actuarial specialists. We have not identified significant matters with regards to the liability.</p> <p>With respect to the pension scheme assets, we have received the requested reporting from Grant Thornton LLP, the pension scheme auditor, and have completed our own procedures in respect of scheme assets. The pension scheme auditors did not identify any errors from testing requiring reporting.</p> <p>The pension scheme auditor identified a material valuation uncertainty with regards to the Pooled Property Investments in pension fund assets as at March 2020. However, given the relative materiality of the Council's share of these assets, we do not consider this to be material for the council's financial statements, and do not intend to refer to this in our opinion.</p> |
| Value for Money | <p>Our work on the Council's Value for Money arrangements is complete, and did not identify any matters that would impact our Value for Money conclusion in our opinion. We have previously commented on the housing software issues for the Council, which we concluded did not represent a significant risk to the Council's overall VFM arrangements. We have not identified any significant VFM matters to report.</p> |

Other Matters

Infrastructure Assets

The Council has a net infrastructure asset balance of £1.2m, with gross book value of £11.7m. The government has issued a statutory override, and CIPFA accompanying guidance, on infrastructure assets, which addresses challenges that have arisen in respect of these assets. This permits showing the balance net in the accounts, while longer term infrastructure asset accounting issues are considered nationally. This will require a presentational change in the accounts, but has no net impact on assets or liabilities, and given the level of the Council's net balance there is not a risk of material misstatement in respect of this balance.

Audit timelines

Projected completion dates

The following are the projected completion dates for the Lewes District Council audit.

- FY 2019/20 - Scheduled date of completion is 28 April 2023.
- FY 2020/21 - Scheduled date of completion is 29 September 2023.
- FY 2021/22 - Scheduled date of completion is 31 January 2024.
- FY 2022/23 - Scheduled date of completion is 30 May 2024.



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