

**Final ISA 260 Audit Completion Report**

*To:* **Audit and Accounts Committee**

*Date:* **21 November 2017**

*From:* **BDO**

*Electoral Division(s):* **All**

*Purpose:* **To present the final ISA 260 Audit Completion report and highlight the changes made to the version presented to the Audit and Accounts Committee on 19 September 2017.**

*Recommendation:* **The Committee is asked to note the final version of the Audit Completion Report and the changes made to the version presented to the Audit and Accounts Committee on 19 September 2017.**

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**1. BACKGROUND**

- 1.1 International Standards on Auditing (UK) require the auditor to communicate to those charged with governance (the Audit and Accounts Committee) a number of matters relating to the audit process, including significant findings from the audit. Our Audit Completion Report forms part of this communication process.
- 1.2 At the Audit and Accounts Committee held on 19 September 2017, we presented our Audit Completion Report. This document reflected the progress of the audit as at 14 September 2017 and was supplemented by a verbal update from the audit team at the committee meeting.
- 1.3 Following completion of our audit procedures, we prepared an updated Audit Completion Report which includes matters identified following that

meeting. These matters were discussed with the Audit and Accounts Committee Chair or Deputy Chair, under delegated authority arrangements, before the audit opinion was given.

## 2. CHANGES TO THE AUDIT COMPLETION REPORT

- 2.1 A number of changes have been made to the Audit Completion Report presented to the 19 September 2017 committee to reflect further matters arising and conclusions reached during completion of our audit procedures. A summary of these changes are described below (page numbers refer to the report presented to this committee).

Page No	Section	Description of amendment
2	Audit scope and objectives - Audit status	This now confirms that we have completed our audit procedures.
2	Key audit and accounting matters - Material misstatements	Details regarding material misstatements identified in relation to the treatment of the City Deal grant income and the cash flow statement have been added.
3	Key audit and accounting matters - Adjusted misstatements	The final sentence confirms that the presentational changes made to the draft financial statements related primarily to the correction of inaccurate or missing disclosures.
3	Key audit and accounting matters - Unadjusted audit differences	Details regarding unadjusted audit differences relating to the pension fund liability, creditors and payroll expenditure have been added.
4	Key audit and accounting matters - Audit certificate	This confirms that we are satisfied that the matters raised in the objection to not have a material impact on the financial statements of use of resources opinions.
N/A	Outstanding matters	This section has been removed following completion of the audit.
7	Key audit and accounting matters - Revenue recognition - Audit findings and conclusion	Wording in the second paragraph has been amended for clarity.  The final paragraph regarding outstanding information has been removed.
13	Key audit and accounting matters - Grant received in relation to City Deal - Audit findings and conclusion	Wording of this section has been amended to reflect the conclusion of our review of the treatment of the City Deal grant income.

14	Key audit and accounting matters - Significant accounting estimates - Land and buildings valuations - findings	The reference to the work in progress at the end of the second paragraph has been removed and replaced with a statement confirming that there are no matters which require reporting to the committee.
18	Key audit and accounting matters - other issues - Value of pension fund assets - audit findings	The wording has been updated to reflect further work performed on the net pension liability and the subsequent revision to the value of the judgemental understatement of the balance (from £8.488m to £6.047m).
21	Whole of government accounts - comment	<p>Second paragraph has been amended to state that our work on the data collection tool does not have a material impact on the financial statements.</p> <p>A sentence has also been added at the end of the narrative to confirm that we are unable to issue our audit certificate until this work is completed.</p>
23	Use of resources - sustainable finances - audit findings and conclusion	The balances for total usable reserves at the end of the first paragraph have been updated to reflect the final version of the financial statements.
26	Appendix I - Audit Differences - Adjusted audit differences	Details regarding material misstatements identified in relation to the treatment of the City Deal grant income and the cash flow statement have been added.
27/28	Appendix I - Audit Differences - Unadjusted audit differences	Details regarding unadjusted audit differences relating to the pension fund liability, creditors and payroll expenditure have been added.
29	Appendix I - Audit Differences - Unadjusted disclosure matters	Additional information has been added to the second bullet point regarding the presentation of future commitments relating to PFI schemes.
39	Appendix I - Audit Differences - Unadjusted other matters	Additional information has been added regarding the outcome of our testing of adult social care expenditure transactions.
30/31	Appendix II - Recommendations and action plan	<p>Management responses have been added to the following recommendations:</p> <ul style="list-style-type: none"> <li>• Swift - System Password Parameters</li> <li>• Swift and Insight - review of user access</li> <li>• Swift/Ledger Reconciliation</li> </ul>