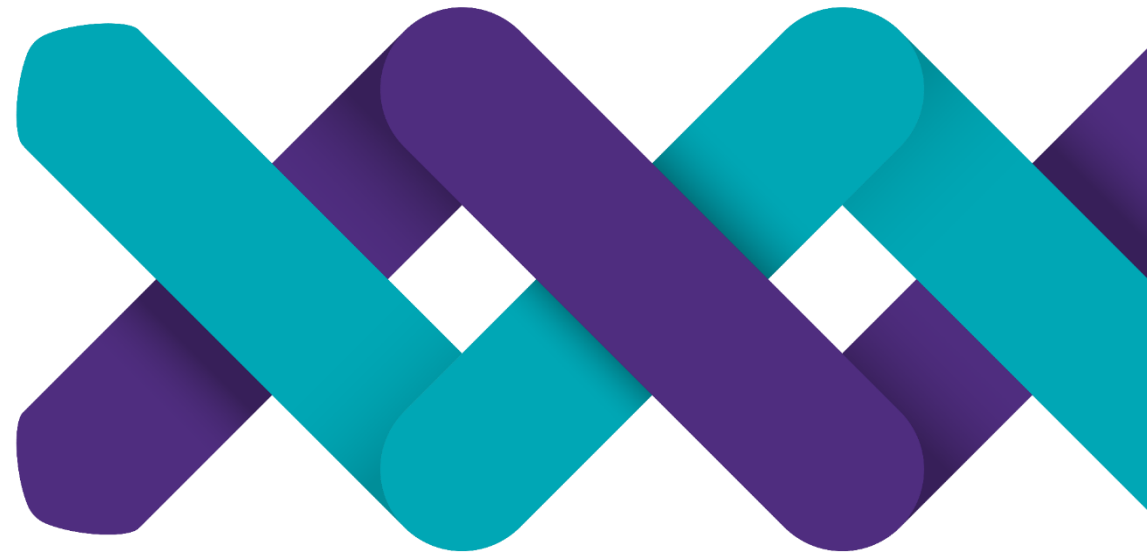


# Audit Progress Report and Sector Update

East Devon District Council  
Year ending 31 March 2020

14 January 2021



# Contents

Section	Page
Progress at 14 January 2021	4

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# Introduction

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

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at 14 January 2021

## Financial Statements Audit

At the last Audit Committee meeting on 25 November we reported the following position:

Our work in the following areas remains in progress:

- response to follow up actions undertaken on our 2018/19 IT general controls report;
- confirmation of the savings programme out-turn;
- management's cashflow forecast to December 2022;
- response to our queries on the valuation of Council Dwellings and evaluation of the approach adopted and adjustments posted;
- review of the revaluation of the Council's investment property;
- testing of the Council's grants received in advance;
- completion of our audit procedures on the Council's net defined pension liability, including receipt of assurances from the Devon Pension Fund auditor;
- receipt of our final bank confirmation and subsequent testing of the Council's cash and cash equivalents;
- sample testing of Housing Benefit expenditure;
- sample testing of REFCUS;
- finalisation of our review of the Council's Expenditure and Funding Analysis note;
- review of the final Annual Governance Statement;
- final quality reviews of the file and receipt of satisfactory responses to our outstanding queries;
- receipt of the signed management representation letter (on the agenda); and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.

Our anticipated audit report opinion will be unqualified but with an Emphasis of Matter paragraph in relation to material uncertainties with regards to the valuation of land and buildings and investment properties – refer to page 8 for further detail. As explained on page 8, this is a national issue related to the Covid-19 pandemic and the Council followed national guidance from RICS in its valuations.

## Outstanding at 14 January 2021

Currently the Council's officers are still resolving some issues, which has meant that the audit remains unfinished.

Our work in the following areas remains in progress:

- response to follow up actions undertaken on our 2018/19 IT general controls report;
- confirmation of the savings programme out-turn;
- Bank overdraft presentation to be checked;
- management's cashflow forecast to March 2023;
- response to our queries on the valuation of Council Dwellings and evaluation of the approach adopted and adjustments posted;
- Consideration of the financial reporting treatment of the Council dwellings valuation and the treatment of the adjustment relating to Council dwelling additions.
- The disclosure of one asset relating to the improvements made to Queens Drive
- review of the final Annual Governance Statement;
- receipt of the signed management representation letter (on the agenda); and
- review of the final set of financial statements.

An updated version of the draft financial statements will be required and a full check on the amendments will be required to ensure that all disclosures have been subjected to appropriate audit procedures.

# Progress at 14 January 2021(Cont.)

## Other areas

### Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The deadline for certification is 31 January 2021

The certification work for the 2019/20 claim has commenced, and we plan to be able to complete our work by the revised deadline of 31 January 2021. However, in the event that any errors found results in the need for additional testing, the Council has applied for a deferment of the submission date.

We also certify the Council's annual Pooling of Housing Capital Receipts return (Pooling return) in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government. (MHCLG). The deadline for certification is 31 January 2021

Work commenced on the Pooling return in January 2021. We anticipate that the audit of this return will be completed by the deadline.

We will report our findings to the Audit and Governance Committee following the completion of the work.

