



**Surrey Heath Borough Council**  
Surrey Heath House  
Knoll Road  
Camberley  
Surrey GU15 3HD  
Telephone: (01276) 707100  
Facsimile: (01276) 707177  
DX: 32722 Camberley  
Web Site: [www.surreyheath.gov.uk](http://www.surreyheath.gov.uk)

**Division:** Legal & Democratic Services  
**Please ask for:** Eddie Scott  
**Direct Tel:** 01276 707160  
**E-Mail:** [democratic.services@surreyheath.gov.uk](mailto:democratic.services@surreyheath.gov.uk)

---

To: All Members of the **AUDIT, STANDARDS AND RISK COMMITTEE**

The following papers have been added to the agenda for the above meeting.

They were not available for publication with the rest of the agenda.

Yours sincerely

Damian Roberts

Chief Executive

---

**SUPPLEMENTARY PAPERS**

	<b>Pages</b>
<b>5 External Audit Updates</b>	<b>3 - 8</b>

This page is intentionally left blank



Report to the Standards, Audit and Risk Committee

# SURREY HEATH BOROUGH COUNCIL

Audit Progress Report

Page 3

IDEAS | PEOPLE | TRUST



Agenda Item 5

## AUDIT UPDATE



This report provides an update on the progress of our audits of the Council's financial statements for the periods 2019/20 - 2022-23, including timescales for the completion of that audit.

Within our report we have provided some background on recent consultations by the Department for Levelling Up, Housing and Communities (DLUHC) and National Audit Office aimed at addressing the significant backlog in audits across the local government sector.

As noted within our report, we expect to conclude our audit of the Council's financial statements for the year ended 31 March 2020 in advance of the backstop date included within our consultation. However, the DLUHC consultation referred to above acknowledges that the introduction of a backstop date will likely result in either qualified or disclaimed audit opinions at some Councils. Subject to the outcome of the consultations, we expect to issue a disclaimed audit opinions on the Council's financial statements for the years ended 31 March 2021, 31 March 2022, and 31 March 2023.

We look forward to discussing our report with you at your meeting on 26<sup>th</sup> March.

Steve Bladen

19 March 2024



## BDO AUDIT TIMETABLE

We have set out below an update on the progress of our 2019/20 audit, the outstanding work, and an indicative timeline for completion of the audit.

In December 2023, the Council provided us with revised financial statements that addressed the points we had previously raised as a result of our audit. We reviewed the revised financial statements during February 2024 and raised a small number of further requests for information. The Council responded to these during February and March. We are currently working through the Council's response to the matters raised.

### DECEMBER 2023

- ▶ Revised financial statements received from Council on 22 December 2023

### FEBRUARY - MARCH 2024

- ▶ Resolved open audit queries on the audit and submitted further requests to the Council for supporting information where amounts within the draft financial statements had changed
- ▶ BDO reviewed the revised financial statements received in December 2023. We will share any further comments on the draft financial statements by the end of March 2024

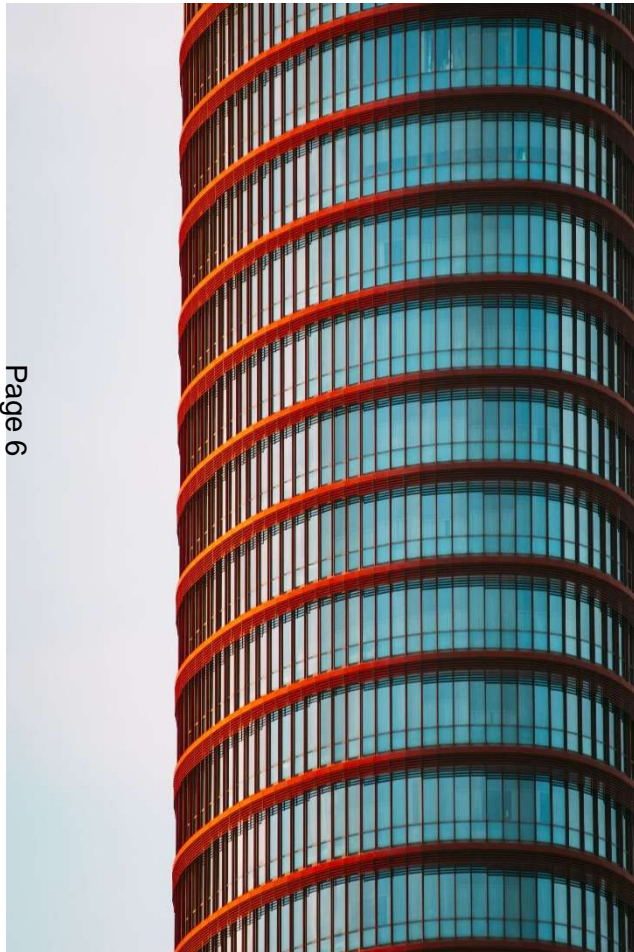
### APRIL - JUNE 2024

- ▶ BDO to review responses received to audit queries and revised financial statements (if required)
- ▶ Completion of Senior Manager and Key Audit Partner review of completed audit procedures and clearance of review points raised
- ▶ The Council to respond to further questions relating to audit procedures and provide additional information as required
- ▶ BDO to update and conclude on Use of Resources work

### JULY - AUGUST 2024

- ▶ Provide Audit Completion Report to Audit and Standards Committee
- ▶ Issue 2019/20 auditor's report

## AUDIT UPDATE



Subject to the outcome of the consultations on the Accounts and Audit Regulations 2015 and the National Audit Office Code of Audit Practice, we expect to issue a disclaimed audit opinion on the council's financial statements for the years for the years 2020/21 - 2022/23.

Notwithstanding this, there remains an element of work auditors will need to undertake to be able to issue a disclaimed audit opinion. We are currently assessing the extent of that work and expect to undertake any necessary work during July and August 2024, with any audit reports issued in September 2024.

Alongside a report on the financial statements, the consultation includes a requirements for auditors to complete a single use of resources assessment covering any open periods of audit. Again, subject to the outcome of the consultation, we anticipate issuing our Auditor's Annual Report covering the period 2020/21 - 2022/23 in September 2024. The work necessary to inform this will be undertaken during May - July 2024.



## SECTOR UPDATE

On 8 February 2024, a consultation was launched as part of a cross-system effort to address the backlog in local government audits across the sector. In summary:

- The Department for Levelling Up, Housing and Communities sought views on changes to the Accounts and Audit Regulations 2015 to introduce backstop dates for the publication of audited accounts
- The National Audit Office sought views on changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements

Further details can be found [here](#).

Key elements of the consultation included proposals for:

- Page 7
- Auditors to produce a single commentary on value for money arrangements covering all outstanding periods up to 2022/23
  - A proposed backstop date of 30 September 2024 for auditors to issue audit opinions, including modified or disclaimed opinions due to the backstop, for all periods up to and including 2022/23
  - A series of backstop dates for later periods of account

BDO responded to both consultations. We await the Government's final proposals but continue to consider the implications for our audit of future periods.

On 29 February 2024, the Chartered Institute of Public Finance and Accountancy (CIPFA) launched its Invitation to Comment on short term proposals intended to help address the backlog of local authority audits. After considering a wide range of options CIPFA decided to explore two approaches. These would affect the 2023/24 and 2024/25 Codes, by providing:

- An option to simplify measurement of operational property plant and equipment using specified indexation, and
- Reduced disclosures for pensions reporting, by aligning that reporting with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland

The Invitation to Comment can be found [here](#).

FOR MORE INFORMATION:

STEVE BLADEN

t: +44 (0)20 3860 6563

m: +44 (0)7870 514535

e: [steve.bladen@bdo.co.uk](mailto:steve.bladen@bdo.co.uk)

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the Council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO is an award winning UK member firm of BDO International, the world's fifth largest accountancy network, with more than 1,500 offices in over 160 countries.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

©2024 BDO LLP. All rights reserved.

[www.bdo.co.uk](http://www.bdo.co.uk)