



# Fylde Borough Council

Report to the Audit and Standards Committee for the year ending 31 March 2021

Issued on 24 September for the meeting on 29 September 2021

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# Introduction

## The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our update report to the Audit and Standards Committee (the Committee) of Fylde Borough Council (the "Council") for the 2020/21 audit. We would like to take this opportunity to thank you for your assistance and co-operation during this year's external audit.

The scope of our audit was set out within our planning report.

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**Status of our Statement of Accounts audit**

We have the following principal matters to complete as part of our audit:

- Receipt and review of final reports from our specialist teams (pensions/valuation) and the completion of associated audit procedures;
- Completion of creditors, grant income, and other services expenditure testing;
- Completion of journal entry testing;
- Completion of financial statement notes testing;
- Internal quality assurance procedures, including follow-up queries arising from review;
- Review of final version of the financial statements;
- Receipt of signed management representation letter; and
- Our review of events since 31 March 2021 through to signing.

**Status of our Value for Money audit**

Our Value for Money work is on-going and will be reported in our Auditor's Annual Report, which has a publication deadline under the National Audit Office Auditor Guidance Note 3 of three months after the signing of the Audit Opinion.

From our work to date, we have not identified any significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources.

Our opinion will state that our work is ongoing.

# Introduction

## The key messages in this report (continued)

### **Conclusions from our testing**

- The key judgements in the audit process related to:
  - Inappropriate capitalisation of expenditure; and
  - Management override of controls.
- Based on our work to date, we have not identified any significant audit adjustments or disclosure deficiencies.
- Based on the current status of our audit work, we envisage issuing an unmodified audit opinion, with no reference to any matters in respect of the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources, or the Annual Governance Statement.

### **Narrative Report & Annual Governance Statement**

- We have reviewed the Council's draft Annual Report and Annual Governance Statement to consider whether it is misleading or inconsistent with other information known to us from our audit work.
- The Annual Governance Statement complies with the Delivering Good Governance guidance issued by CIPFA.
- We have no matters to raise with you in respect of the Narrative Report.

### **Duties as public auditor**

- We did not receive any queries or objections from local electors this year.
- We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.

### **Whole of Government Accounts (WGA)**

- The NAO have not yet issued the group instructions for the WGA reporting and we will provide an update on any changes to the requirements once these have been received.

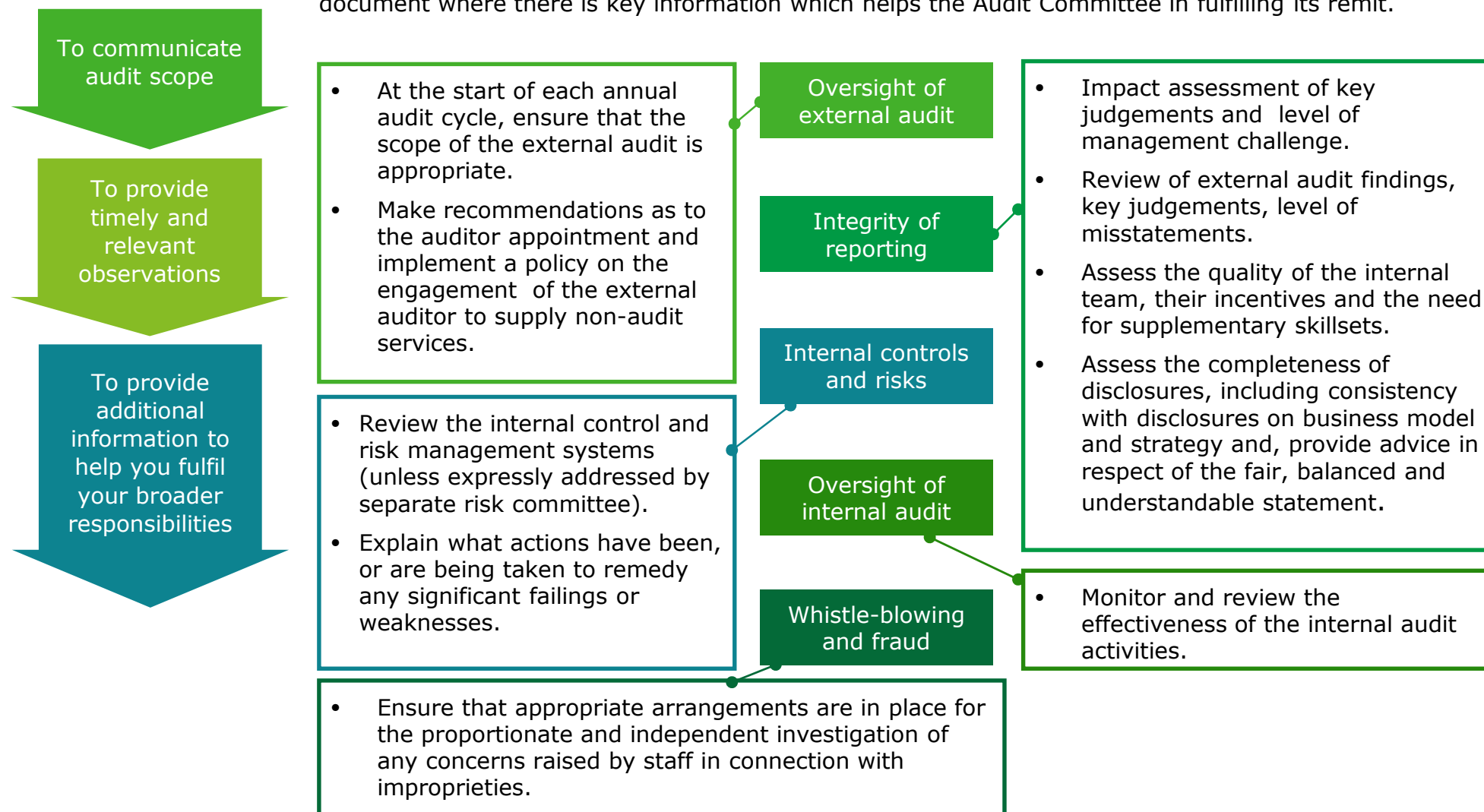
Paul Hewitson  
Audit Director

# Responsibilities of the Audit and Standards Committee

## Helping you fulfil your responsibilities

Why do we interact with the Audit and Standards Committee?







As a result of regulatory change in recent years, the role of the Audit Committee has significantly expanded. We set out here a summary of the core areas of Audit Committee responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the Audit Committee in fulfilling its remit.



# Quality indicators

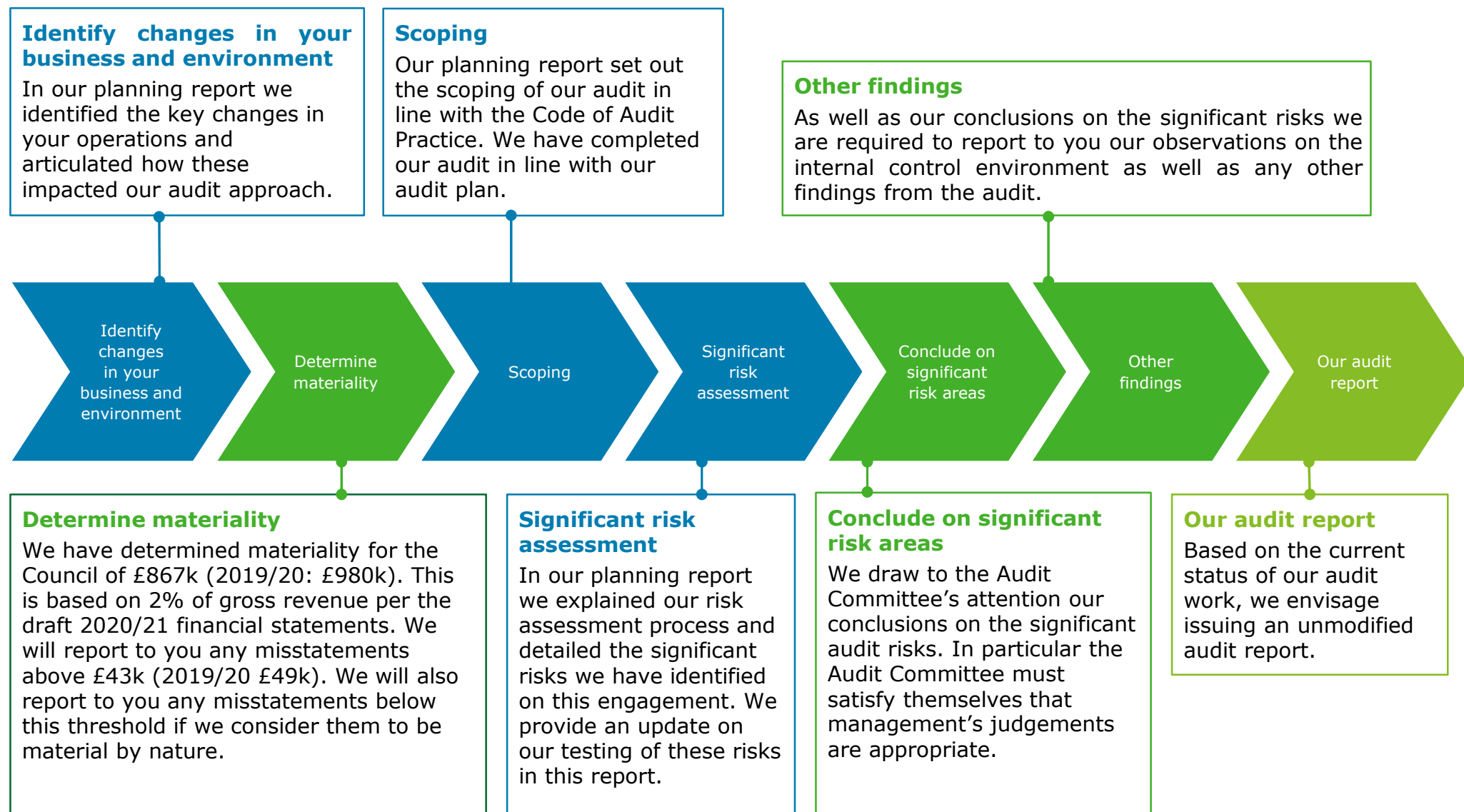
## Impact on the execution of our audit

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This slide summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report.

Area	Grading	Reason
Timing of key accounting judgements		We noted no issues with the time scale for being presented with management's key accounting assumptions.
Access to finance team and other key personnel		The finance team have been responsive to audit requests, although with the small finance team and the timing of the audit this year there has been delays in certain areas due some periods of absence for members of the finance team and wider Council personnel.
Quality and accuracy of management accounting papers		Management accounting papers provided have been accurate and produced to a high quality.
Quality of draft financial statements		We noted no significant issues with the quality of the financial statements.
Response to findings and recommendations		We have raised a small number of findings from our work to date, these are detailed on page 14.
Volume and magnitude of identified errors		There were a low volume and magnitude of identified errors.









# Our audit explained

## We tailor our audit to your business and your strategy






# Significant risks

## Dashboard

Risk	Material	Fraud risk	Approach to controls testing	Controls testing conclusion	Consistency of judgements with Deloitte's expectations	Comments	Page no.
<b>Significant risks</b>							
Inappropriate capitalisation of expenditure				Satisfactory		Work is ongoing	9
Management override of controls				Satisfactory		Work is ongoing	10

### Controls approach adopted

-  Assess design & implementation
-  Test operating effectiveness of relevant controls
-  Involvement of IT specialists



# Significant risks (continued)

## Inappropriate capitalisation of expenditure

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<b>Risk identified</b>	<p>Under UK auditing standards, there is a presumed risk of revenue recognition due to fraud. We have rebutted this risk, and instead believe that the fraud risk lies within the capitalisation of expenditure in year. This is because there is an inherent fraud risk associated with the recording of expenditure in order for the Council to report a more favourable year-end position. One way that Local Authorities can manipulate the expenditure outturn is through the inappropriate capitalisation of revenue expenditure. Based on our analysis, the Council has undertaken a material level of capital additions in year and as a result we believe that if the Council were to inappropriately record expenditure it would be through the inappropriate capitalisation of revenue items.</p>
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<b>Deloitte response and challenge</b>	<p>Our work in this area includes the following:</p> <ul style="list-style-type: none"><li>• We are assessing the design and implementation of the controls in relation to recording the capitalisation of expenditure; and</li><li>• We are performing focused testing in relation to the capitalisation of expenditure through testing a sample of transactions posted during the year.</li></ul>
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<b>Status</b>	<p>We have not identified any issues from our work to date in relation to the key judgements made by management.</p>
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# Significant audit risks (continued)

## Management override of controls

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**Risk identified**

In accordance with ISA 240 (UK), management override of controls is a significant risk due to fraud for all entities. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Council's controls for specific transactions.

The key judgements in the financial statements include those which we have selected to be the significant audit risk, (capitalisation of expenditure) and any one off and unusual transactions where management could show bias. These are inherently the areas in which management has the potential to use their judgment to influence the financial statements.

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**Deloitte response and challenge**

We have considered the overall sensitivity of judgements made in preparation of the Statement of Accounts, and note that senior management's remuneration is not tied to particular financial results.

We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements.

### Journals

- We are testing the design and implementation of controls in relation to journals.
- We have made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.
- We are using Spotlight data analytics tools to test a sample of journals, based upon identification of items of potential audit interest. Our analysis has covered all journals posted in the year.

### Significant transactions

- From our work to date we have not identified any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.
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# Significant audit risks (continued)

## Management override of controls

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**Deloitte  
response  
and  
challenge****Accounting estimates**

- We are performing design and implementation testing of the controls over key accounting estimates and judgements.
- The key judgement in the financial statements are those selected as significant audit risks: inappropriate capitalisation of expenditure.
- We are reviewing accounting estimates for biases that could result in material misstatements due to fraud. We note that overall the changes to estimates in the period were balanced and did not indicate a bias to achieve a particular result.
- We are testing accounting estimates and judgements, focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources.

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**Status**

Our work is ongoing but based on our work to date, we have not identified any issues in relation to management override.

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# Covid-19 pandemic

## Impact on reporting and our audit

Impact on annual report and financial statements	
Impact on property, plant and equipment	The Royal Institute of Chartered Surveyors issued a practice alert, as a result of which valuers identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This practice alert was withdrawn in September 2020. Valuation reports at March 2020 typically identified a need to consider potential impairments in future periods. Our work on property valuations included challenging whether the Council had appropriately considered the impact on the valuation (including any changes as a result of the pandemic and consequent service and organisational changes in the Council on the “modern equivalent asset” assumed in valuations). We note the valuer has continued to include a material valuation uncertainty within their report and our enquiries in relation to this are ongoing.
Impact on pension fund investment measurement	As a result of the Covid-19 pandemic pension fund investments have been subject to volatility. At 31 March 2021, we noted that the Council’s share of pension fund assets had increased by £6.6m.
Narrative and other reporting issues	We have considered how the Council has reflected the impact of the pandemic in its reporting, including: <ul style="list-style-type: none"><li>• Narrative Report - discussion of the impact on services, operations, performance, strategic direction, resources and financial sustainability. Ensuring that this reflected the significant financial challenge that the Council has experienced.</li><li>• Accounts disclosures on the impact on judgements and estimation uncertainty.</li></ul>
Events after the reporting period	The Council will need to consider the events after the Reporting Period and whether these events will be adjusting or non-adjusting and make decisions on a transaction by transaction basis.

# Value for money

## Our work is ongoing and will be reported in our Auditor's Annual Report

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### **Value for Money requirements**

We are required to consider the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources. Under the revised requirements of the Code of Audit Practice 2020 and related Auditor Guidance Note 03 ('AGN03'), we are required to:

- Perform work to understand the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources against each of the three reporting criteria (financial sustainability, governance, and improving economy, efficiency and effectiveness);
  - Undertake a risk assessment to identify whether there are any risks of significant weaknesses in arrangements;
  - If any risks of significant weaknesses are identified, perform procedures to determine whether there is in fact a significant weakness in arrangements, and if so to make recommendations for improvement;
  - Issue a narrative commentary in the Auditor's Annual Report, setting out the work undertaken in respect of the reporting criteria and our findings, including any explanation needed in respect of judgements or local context for findings. If significant weaknesses are identified, the weaknesses and recommendations will be included in the reporting, together with follow-up of previous recommendations and whether they have been implemented. Where relevant, we may include reporting on any other matters arising we consider relevant to Value for Money arrangements, which might include emerging risks or issues arising; and
  - Where significant weaknesses are identified, report this by exception within our financial statement audit opinion.
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### **Status of our work**

Our Value for Money work is ongoing, and will be reported in our Auditor's Annual Report, which has a publication deadline under the National Audit Office Auditor Guidance Note 3 of three months after the signing of the Audit Opinion.

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### **Work performed to obtain an understanding of the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources**

As part of our risk assessment, we have reviewed the summary of Value for Money arrangements prepared by the Council, including the supporting documentation provided on the arrangements, and will hold follow-up discussions on areas where additional information is required. In addition, we have:

- reviewed of the Council's draft Annual Governance Statement;
  - reviewed internal audit reports through the year and the Head of Internal Audit Opinion;
  - considered issues identified through our other audit and assurance work; and
  - considered the Council's financial performance and management throughout 2020/21.
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### **Findings of our work to date**

Our work is ongoing but we have not identified to date any risks of significant weakness in arrangements to secure economy, efficiency and effectiveness in the use of resources.

Our opinion will state that work is on-going.

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# Your control environment and findings

## Control deficiencies and areas for management focus

Observation	Deloitte recommendation	Management response and remediation plan
<b>Journals Approval</b> Some journals are only reviewed and approved retrospectively rather than prior to posting.	All journals should be reviewed and approved by an appropriately senior member of staff prior to be posted in the system.	The majority of journals are currently approved prior to posting. We will review the existing process to ensure that the remaining journals are similarly reviewed and approved by an appropriately senior member of staff prior to posting.
<b>S106 liabilities</b> The S106 liability is split between short term and long term based on the Council's planned capital expenditure.	The liability should be split between short and long term based on the terms of the specific agreements or where there are contractual commitments in relation to the planned capital spend.	We will review the approach to the treatment of S106 liabilities to ensure that the liability is split between short and long term based on the specific terms of the agreements or where there are contractual commitments in relation to planned capital spend.
<b>Housing Benefit Expenditure</b> The Council's standard approach in relation the recognition of Housing benefit expenditure is for the period over year end to be accounted for wholly within one financial year.	The payments made in relation to the period over year end should be appropriately split between years so that expenditure is recognised in the correct period to which it relates.	We will review the process for accounting for housing benefit expenditure to ensure that payments made in relation to the period over year end are appropriately split between years.

# Other significant findings

## Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

### **Qualitative aspects of your accounting practices:**

Our procedures are on going.

### **Other matters relevant to financial reporting:**

Our procedures are on going.

# Our audit report

## The form and content of our report

Here we discuss how the results of the audit impact on our audit report. An overview of our financial statement audit work will be included in our Auditor's Annual Report.



### **Our opinion on the financial statements**

Based on the current status of our audit work, we envisage issuing an unmodified audit report.



### **Emphasis of matter and other matter paragraphs**

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.



### **Value for Money reporting by exception**

Our opinion will note that our Value for Money work is ongoing and will be reported in our Auditor's Annual Report. We have no matters to date to report by exception in our financial statement audit opinion.



### **Irregularities and fraud**

We will explain the extent to which we considered the audit to be capable of detecting irregularities, including fraud.

In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations. We will discuss the areas identified where fraud may occur and any identified key audit matters relating to fraud.



# Your annual report

We are required to report by exception on any issues identified in respect of the Narrative Report or Annual Governance Statement.

	Requirement	Deloitte response
Narrative Report	<p>The Narrative Report is expected to address (as relevant to the Council):</p> <ul style="list-style-type: none"><li>• Organisational overview and external environment;</li><li>• Governance;</li><li>• Operational Model;</li><li>• Risks and opportunities;</li><li>• Strategy and resource allocation;</li><li>• Performance;</li><li>• Outlook; and</li><li>• Basis of preparation</li></ul>	<p>We have assessed whether the Narrative Report has been prepared in accordance with CIPFA guidance.</p> <p>We have also read the Narrative Report for consistency with the annual accounts and our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p>
Annual Governance Statement	<p>The Annual Governance Statement reports that governance arrangements provide assurance, are adequate and are operating effectively.</p>	<p>We have assessed whether the information given in the Annual Governance Statement meets the disclosure requirements set out in CIPFA/SOLACE guidance, is misleading, or is inconsistent with other information from our audit. No issues were noted from our review.</p>

# Purpose of our report and responsibility statement

## Our report is designed to help you meet your governance duties

### What we report

Our report is designed to help the Audit Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations.
- Other insights we have identified from our audit.

### The scope of our work

Our observations are developed in the context of our audit of the financial statements.

### Use of this report

This report has been prepared for the Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

### What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Audit and Standards Committee.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

**We welcome the opportunity to discuss our report with you and receive your feedback.**

**Deloitte LLP**

Newcastle upon Tyne | 24 September 2021

# Appendices



## Unadjusted misstatements and Disclosures

	Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) prior year retained earnings £m	Debit/ (credit) OCI/Equity £m	If applicable, control deficiency identified
Misstatements identified in current year					
Aggregation of misstatements individually < £xm					
Total					

The following uncorrected disclosure misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

Disclosure	Summary of disclosure requirement	Quantitative or qualitative consideration

# Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Council and our objectivity is not compromised.
Fees	Details of proposed fees for audit and non-audit services performed for the period have been presented separately on the following page.
Non-audit services	In our opinion there are no inconsistencies between the FRC's Ethical Standard and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We have no other relationships with the Council, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.

# Independence and fees (continued)

The professional fees expected to be charged by Deloitte for the period from 1 April 2020 to 31 March 2021 are as follows:

	Current year £	Prior year £
Financial statement audit including Whole of Government Accounts [1]*	36,729	36,729
New value for money arrangements [2]*	TBC	-
<b>Total audit</b>	<b>36,729</b>	36,729
Housing Benefits certification	-	10,500
<b>Total assurance services</b>	<b>-</b>	<b>10,500</b>
<b>Total fees</b>	<b>36,729</b>	<b>47,229</b>

[1] The fee reflected here is the scale fee. In line with recent PSAA correspondence that scale fees should be negotiated by each s151 officer based on the individual circumstances of each body, we will be looking to discuss with the Council the current level of fee.

[2] We expect the fee for the work under the new Value for Money arrangements to be in the range of £5-10k.

\* All additional fees are subject to agreement with PSAA.

# Our approach to quality

## AQR team report and findings

Executing high quality audits remains our number one priority. We are committed to our critical public interest role and continue to embed our culture of quality and excellence into all of our people. This includes using new technology and tools to continue to transform our audit approach.

In July 2021 the Financial Reporting Council ("FRC") issued individual reports on each of the seven largest firms, including Deloitte, on Audit Quality Inspections providing a summary of the findings of its Audit Quality Review ("AQR") team for the 2020/21 cycle of reviews.

We greatly value the FRC reviews of our audit engagements and firm wide quality control systems, a key aspect of evaluating our audit quality.

In that context, overall FRC inspection results, showing an improvement since last year from 76% to 79% of all inspections assessed as good or needing limited improvement, reflect the progress we are making. The overall profile of our ICAEW inspections and our internal inspection programme also show a similar overall improvement since last year.

The results for the inspections of FTSE 350 entities fell short of our overall scores, reflecting specific findings on those particular audits rather than issues pervasive across other audits. Our objective continues to be for all of our audits to be assessed as good or needing limited improvement and we know we still have work to do in order to meet this standard.

We agree with and accept the FRC's findings on the individual inspections. The FRC has recognised improvements following the actions and programmes for previous years and we welcome the good practice points raised, including in respect of

impairment and revenue where individual findings continue to occur.

Overall, we are pleased that there have been no significant findings over our firm wide processes and controls over the last three inspection cycles in the areas subject to rotational review by the FRC. However, we are continually enhancing our processes and controls across our business and such changes will directly or indirectly affect audit quality.

All the AQR public reports are available on its website.

<https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports>

# Our approach to quality

## AQR team report and findings

### **The AQR's 2020/21 Audit Quality Inspection Report on Deloitte LLP**

"We reviewed 19 individual audits this year and assessed 15 (79%) as requiring no more than limited improvements. Of the 11 FTSE 350 audits we reviewed this year, we assessed eight (73%) as achieving this standard".

"Our key findings related primarily to the need to:

- Improve the evaluation and challenge of management's key assumptions of impairment assessments of goodwill and other assets.
- Enhance the consistency of group audit teams' oversight of component audit teams.
- Strengthen the effectiveness and consistency of the testing of revenue."

"The firm has taken steps to address the key findings in our 2019/20 public report, with actions that included increasing the extent of consultations, and enhanced learning, coaching and support programmes.

We have identified improvements, for example, in the extent of challenge of management by audit teams in respect of the estimates used for model testing. This was identified as a key finding last year.

We also identified good practice in a number of areas of the audits we reviewed (including robust procedures relating to going concern and evidence to support the challenge of management in areas of key judgement) and in the firm-wide procedures (including establishing a centre of excellence focused on credit for banking audits to encourage the consistent application of the firm's methodology and guidance)."



# Our approach to quality

## AQR team report and findings

### **Improve the evaluation and challenge of management's key assumptions of impairment assessments of goodwill and other assets**

#### **How we have addressed this area as a firm**

To address this finding, we have done, or plan, the following:

- We refreshed our Impairment Centre of Excellence ("COE") to establish clear partner leadership and introduced frequent communication touchpoints to share best practice, hot topics and technical updates.
- We performed a risk focused strategic allocation of impairment specialists for a selection of December 2020 audit engagements, taking into account industry knowledge and experience. Going forward we will seek to involve the EQCR partner to determine whether the allocated specialist should have industry knowledge or whether generalist knowledge would provide an enhanced independent challenge to an industry focused engagement team.
- We will update our impairment guidance notes and consultation document to include specific risk criteria which require further discussion with a panel of specialists, including, but not limited to, where the audit team develop their own model or where cashflow forecasts extend beyond a commonly used period.
- The launch of the Digital Blueprint project management tool will assist teams in prioritising their time across all areas of the audit.
- We will hold workshops with our partners and directors to bring to life the common causes that have led to FRC findings and to ensure greater consistency in expectations in respect of the expected depth of review.
- We have introduced a new coaching program to support the development of primary reviewing skills and to identify any reviewing skills gaps which need addressing.

- To respond to the poor quality and untimely preparation of information by the company for audit, we expect, where appropriate, to increase the communication with management and those charged with governance so that there are clearer expectations in respect of the quality of information prepared for audit.
- We have updated our impairment template memo to reflect the most recent inspection findings we will develop additional training materials on hot topics and areas of regulatory focus, for example, guidance to assist in the challenge of cash flow assumptions and cost reduction initiatives.
- We also developed a new template to support teams in auditing accounting estimates in response to the requirements of ISA (UK) 540 revised 'Auditing Accounting Estimates & Related Disclosures'.

#### **How we addressed this area in our audit**

- Not applicable for this audit

# Our other responsibilities explained

## Fraud responsibilities and representations



### Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

### Required representations:

We have asked the Audit Committee to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the Council.

We have also asked the Audit Committee to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



### Audit work performed:

In our planning we identified the completeness of accrued expenditure and management override of controls as a significant audit risk.

During course of our audit, we have had discussions with management and those charged with governance, and no significant issues were raised that would require a change to our audit plan.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.

We have reviewed the paper prepared by management for the Audit Committee on the process for identifying, evaluating and managing the system of internal financial control.

We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

# Value for Money deadline extension

## Letter to the Audit Committee highlighting Value for Money deadline extension

Dear Audit and Standards Committee

The National Audit Office issued guidance to auditors on 16 April 2021 setting out a revised timetable for completion of work on arrangements to secure value for money. This revised timetable reflected the impact of the ongoing pandemic on preparers and auditors of accounts. That guidance, established that the Auditor's Annual Report should be published within three months of the signing of the Audit Opinion. Therefore we have not yet issued our Auditor's Annual Report. Under the 2020 Code of Audit Practice, we are required to provide this letter setting out the reasons for the Auditor's Annual Report not being issued by 30 September 2021.

Yours faithfully

Paul Hewitson



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