



## Wyre Council Status Report

Issued 20 February 2023 for the Audit Committee meeting on 28 February 2023

# Status update

## The key messages:

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 Committee of Wyre Council (the Council) for the 2020/21 audit. The scope of our audit was set out within our planning report presented to the Committee in June 2021. I would like to draw your attention to the key messages of this paper:

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### Status of the audit

Our audit is substantially progressed subject to completion of the following principal matters:

- Completion of final reviews and quality checks, including the resolution of any queries that arise;
- Documentation and review of property valuation testing;
- Documentation and review of pension liability testing;
- Infrastructure assets, updated disclosure work (see page 3);
- Whole of Government Accounts (WGA) work (see page 3);
- Reviews of updated financial statements;
- Receipt of signed management representation letter; and
- Our review of events since 31 March 2021 through to signing.

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.

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### Value for Money

We have not identified to date any risks of significant weakness in arrangements to secure economy, efficiency and effectiveness in the use of resources. However, our work is still ongoing and we will inform the Audit Committee of any matters that do arise as part of our final reporting.

Our opinion will state that work is on-going and we will provide our final view on the Council's arrangements in our Auditor's Annual Report, which will be completed within three months of the date of the issue of the audit opinion in line with the timeframe specified in the National Audit Office Auditor Guidance note 3.

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# Status update (continued)

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<b>Infrastructure assets</b>	<p>As highlighted in the update report we presented to the June 2022 Committee, a sector wide issue in relation to the accounting for infrastructure assets was identified in early 2022. Following a series of discussions at national technical groups, which were attended by Deloitte, and also several consultations that were overseen by CIPFA and DLUHC, the following has now been issued:</p> <ul style="list-style-type: none"><li>• <b>CIPFA Code Update</b> On 29 November 2022 the CIPFA code was updated to remove the requirement for authorities to disclose gross book value and accumulated depreciation for infrastructure assets.</li><li>• <b>Statutory Instrument</b> A statutory instrument was laid before parliament on 30 November 2022, and came into effect on 25 December 2022, with the main purpose to allow authorities to make the assumption that any infrastructure asset additions recognised are replacing components that have been fully depreciated.</li><li>• <b>CIPFA Bulletin 12 – Accounting for Infrastructure Assets – Temporary Solution</b> This was released 12 January 2023 and provides example disclosures and examples of how both the Statutory Instrument and the Code update impact on the accounting for infrastructure assets.</li></ul> <p>Our work over the revised infrastructure asset disclosures is ongoing, including our review and challenge of the useful economic lives applied to infrastructure assets by the Council.</p> <p>We will report any significant issues identified back to the Audit Committee as part of our final reporting.</p>
<b>WGA</b>	<p>We are required to perform testing on the Council’s WGA submission, checking its consistency to the audited financial statements and reporting our findings to the National Audit Office (together with our audit opinion and key issues from our audit). Although the OSCAR system has now closed the NAO still require us to complete an assurance statement in relation to the Council’s 2020/21 Whole of Government Accounts submission.</p> <p>However, the Council falls below the new threshold of £2bn, and as a result the level of work required will be minimal.</p>
<b>Duties as public auditor</b>	<p>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.</p>

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# 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 to communicate with you regarding your oversight of the financial reporting process and your governance requirements.

## 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. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

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

## What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the Audit 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, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

## Other relevant communications

We will update you if there are any significant changes to the audit plan.

**Deloitte LLP**

Newcastle Upon Tyne | 20 February 2023



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