



## Interim report to the Finance & Governance Committee for the year ending 31 March 2019

February 2019

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# Update report to the Finance & Governance Committee

We have prepared this update to inform the members of the Finance & Governance Committee of our work since the last meeting

## Annual Report & Accounts 2018/19

We presented our Audit Plan for the year ending 31 March 2019 to the last meeting of the Finance & Governance Committee.

We are engaged in ongoing discussions with the finance team to ensure arrangements for the audit of the financial statements are progressing. These include the following:

- Regular discussions with the finance team to ensure we are updated on developments.
- Scheduling the final audit visit during June/July 2019.

As part of our interim visit we have completed our fixed asset verification testing, testing of additions and disposals to Period 9, commenced our expenditure testing, completed our planning papers in relation to our understanding of the Authority, and updated our working papers on the Authority's key controls and completed fraud discussions. There have been no changes to the audit plan.

## Materiality

Since the presentation of our planning paper an internal review in relation to the calculation of local government materiality has been completed.

Following on from this review, we have updated our materiality, calculating it using 2% of total expenditure based on the 2017/18 audit accounts.

The revised materiality is £1,613,000 (previously £3,227,000), we will report all misstatements above our clearly trivial threshold of £80k (previously £161k) to the Finance & Governance Committee.

This does not reflect a change in the risk profile of the Authority.

## Significant risks

There have been no changes to the significant risks reported as part of our audit plan. We are progressing our work in relation to the significant risks in line with the agreed timetable as set out in the plan.

## Brexit

The arrangements following the UK's exit from the EU are not yet clear. We expect our Property Valuation Significant Risk to reference Brexit. As part of assessing material uncertainties effecting the Authority we would expect to review a paper on Brexit, showing the impact on the Authority and will expect where relevant narrative disclosure in the Accounts and Annual Report. We would be happy to review this as soon as it is available.

## IFRS 9 and 15

We have held discussions with the finance team regarding the implementation of new accounting standards impacting on the current year, namely IFRS9 Financial Instruments and IFRS15 Income recognition.

These will require additional work by the finance team to understand and provide their assessment of the impact for the Authority and for ourselves in reviewing and challenging the Authority's assessment. The implementation of IFRS16 Leases for the Local Government will be implemented in the CIPFA code in 2019/20.

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

- An update on the testing we have performed as part of the interim audit;
- Communicates the updated audit materiality.

## 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 Authority.

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.

## The scope of our work

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

We described the scope of our work in our audit plan.

This report has been prepared for the Authority, 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.

**Deloitte LLP**  
Bristol | February 2019



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