



Mid Sussex District Council Audit progress update

Year ended 31 March 2021
November 2021



Private and Confidential

16 November 2021

Mid Sussex District Council
Oaklands Road
Haywards Heath
West Sussex
RH16 1SS

Dear Committee Members

Audit progress update

We are pleased to attach our audit progress update report for the forthcoming meeting of the Audit Committee. This report summarises our current status in relation to the audit of Mid Sussex District Council 2020/21.

As detailed in the report we have completed a substantial amount of the audit, but await the final reports from our Pension and Property specialists. In addition to the specialist reports, we have also received an objection to the 20/21 accounts from a local elector. We are currently in the process of 'Considering and Deciding' on the matters raised in the objection, a process which can take a significant amount of time and resource.

This update is intended solely for the information and use of the Audit Committee and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 16 November 2021.

Kevin Suter
Associate Partner

For and on behalf of Ernst & Young LLP

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Audit Progress Report

Status of the audit

We have completed a substantial amount of our audit of Mid Sussex District Council's financial statements for the year ended 31 March 2021. As noted in the section below from the work performed we have not identified any significant amendments which require your attention. However until work is complete, further amendments may arise. At the time of writing, the following remains outstanding:

- ▶ Objection - we received an Objection to 2020/21 accounts. Please see overleaf for further information;
- ▶ Property valuation - we instructed our valuation team (EY Real Estate) to review a sample of the Council property valuations. EY Real Estate (EYRE) are yet to conclude on the sample. From their initial review of the valuations EYRE have raised issues with the quality of data the valuations are based on, and some of the Valuers assumptions. As in previous year EYRE also experience difficulties in reviewing the calculation as the Valuer does not explicitly state all their assumptions. We will work with management to recommended appropriate controls for 2021/22 to help reduce the risk of these issues recurring ;
- ▶ Pension Fund specialist report - due to the changes in ISA 540, we are required to obtain assurance over the Actuary's model used to calculate the IAS19 liability. Following discussion with key stakeholders, including the FRC, NAO, and other audit firms, we are obtaining this assurance by recalculating the IAS 19 liability using a parallel model developed by our own specialists. We have provided the necessary information to our experts to allow them to perform the calculation and await their final report;
- ▶ Finalisation of quality review process - at the time of writing a small number of tasks remain in the process of being reviewed by the Manager and Associate Partner as part of our quality review process;
- ▶ Completion of subsequent events review;
- ▶ Review of the final statements; and
- ▶ Receipt of the signed management representation letter

Audit differences

There are no unadjusted audit differences arising from our audit at the time of writing this report.

There are also no material adjusted audit differences arising from our audit at the time of writing this report.

Value for money

As we reported in our Audit Plan in July, we have not identified a VFM risk during our planning phase of the audit. At the time of writing we have also not identified a VfM risk through the course of our year end procedures.

However, as the audit remains ongoing we will continue to update our assessment. We will also consider the outcome of the Objection as part of our VfM assessment.

Audit Progress Report

Objection

We received an objection to 2020/21 accounts during the inspection period.

In line with the NAO guidance, we follow a three step process when we receive an objection:

- Step 1 - is the objection eligible?
- Step 2 - shall the auditor, in their discretion, accept the objection for consideration?
- Step 3 - considering and deciding the objection

We have confirmed the objection is eligible, meeting the requirements set out in the Local Audit & Accountability Act 2014. We have accepted the majority of the points for consideration

Having accepted the Objection, we progress to Step 3 to consider and decide the objection. This has been started by writing to the Council to obtain it's formal response to those items accepted for consideration.

The objection process can take a significant amount of time and resource to complete. The matters raised in the objection have the potential to impact on the financial statements and our assessment of the Council's Value for Money arrangements. Therefore, we will not be able to conclude on the audit until we have completed the objection process.

Other reporting issues

We have not yet been able to perform the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. This is because HM Treasury are continuing to review the online 2020/21 WGA Data Collection Tool (DCT) and update the guidance that is available for preparers.

Based on the last available update the DCT and guidance was not expected to be available until late 2021. Therefore the 2020/21 WGA component data will not be available for auditors to review until after that. Group Audit Instructions and the timetable for 2020/21 will necessarily follow any changes HMT make to the DCT and process.

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