

# Audit Progress Report

Argyll and Bute Council

December 2023



# Contents

## 1. Audit progress

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# 01

Section 01:  
**Audit Progress**

# 1. Audit Progress

## 2022/23 Audit

### Status of the audit

The purpose of this document is to summarise our audit status as of 19 December 2023. We have completed the planning and interim phases of the audit, and have made substantial progress in completing the fieldwork phase of the audit. Progress is not at a stage we had hoped due to a number of factors that have adversely impacted upon the completion of the audit. These include:

- Significant difficulties in recruiting auditors with relevant skills and experience. Whilst these have been resolved, the delay in recruitment significantly impacted on our ability to deliver the audit on a timely basis.
- The need to undertake additional work in the first year of the audit to gain assurance over the opening balances in the financial statements and understand the Council
- The need to address the implementation of International Standard on Auditing (ISA) 315 Revised. This required the audit team to spend additional time on the audit.
- Areas of the audit that required further attention upon commencement of the fieldwork phase due to complexity/judgment and form part of the outstanding information to date.

We have been in regular discussion meetings with members of the finance team as the audit progresses and these will continue to completion. We have agreed a way forward with management to move towards completion of both the Fieldwork and Completion Phases of the Audit.

We intend to bring our Annual Audit Report to the January 2024 meeting of the Audit and Scrutiny Committee (the Committee). However, we felt that members of the Committee would benefit from a view of the Audit Status as at December 2023.



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# 1. Audit Progress

## Changes to our Audit approach

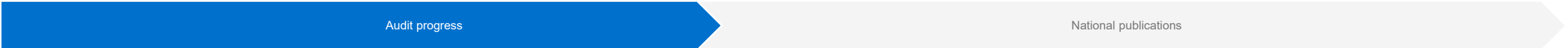
### Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum. We have not made any changes to our audit approach or significant/enhanced risks identified since we presented our Annual Audit Plan, which remain as outlined below:

- Management override of Controls.
- Valuation of the net defined benefit liability.
- Valuation of property, plant and equipment.
- Accounting for PFI and PPP contracts.
- IT system change.

### Materiality

Our provisional materiality at the planning stage of the audit was set at £8.907 million using a benchmark of 2% of gross expenditure at surplus/deficit level. Our final assessment of materiality, based on the final financial statements and qualitative factors, is £9.527 million using the same benchmark. We have revised the Clearly Trivial Threshold to £250K in line with the Audit Scotland cap applicable for 2022/23 audits.



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## 2. Status of the audit

Whilst the fieldwork phase is nearing completion, some areas of this phase and the completion phase remain in progress as shown below:

Audit area	Status	Description of the outstanding matters
Valuation of the net defined benefit liability		<p>We are awaiting assurance from the Strathclyde Pension Fund Auditor in relation to Live Argyll's pension values, which then impact Argyll and Bute Council at Group level</p> <p>We are also awaiting the final workings on the treatment of the Asset Ceiling in regard to Pension Assets, to confirm that the entries passed are in line with the extensive discussions held in the course of the audit in this regard.</p>
Property, Plant and Equipment		<p>We are in ongoing discussions with management on the treatment of assets measured under Existing Use Value which were not revalued in 2022/23, amounting to approximately £23.8 million</p> <p>We are also awaiting supporting evidence on existence of a few sampled assets currently outstanding</p>
Related Parties		<p>We are still in ongoing discussions and performing audit procedures on the Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee, which are at present accounted for as associates in the Group Accounts of Argyll and Bute but do not appear to meet the criteria set in the Code.</p> <p>We are also awaiting supporting evidence in terms of signed registers of interest for a few sampled members which are currently pending.</p>
Best Value, Trust Accounts		<p>We are still performing procedures in regard to these areas. We plan to undertake the audit of the Trusts in January 2024 and complete these within that month.</p>
Audit quality control and completion procedures		<p>Our audit work on areas where testing is substantially complete is undergoing review by the Engagement Manager and Engagement Lead and further quality and compliance checks, which could result in follow up/clarification points being raised with management. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion, obtaining final management representations and agreeing adjustments to the revised set of accounts.</p>
Financial statements, Annual Governance Statement and letter of representation		<p>We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation.</p>



Likely to result in material adjustment or significant change to disclosures within the financial statements.



Potential to result in material adjustment or significant change to disclosures within the financial statements.



Not considered likely to result in material adjustment or change to disclosures within the financial statements.

# Contact

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