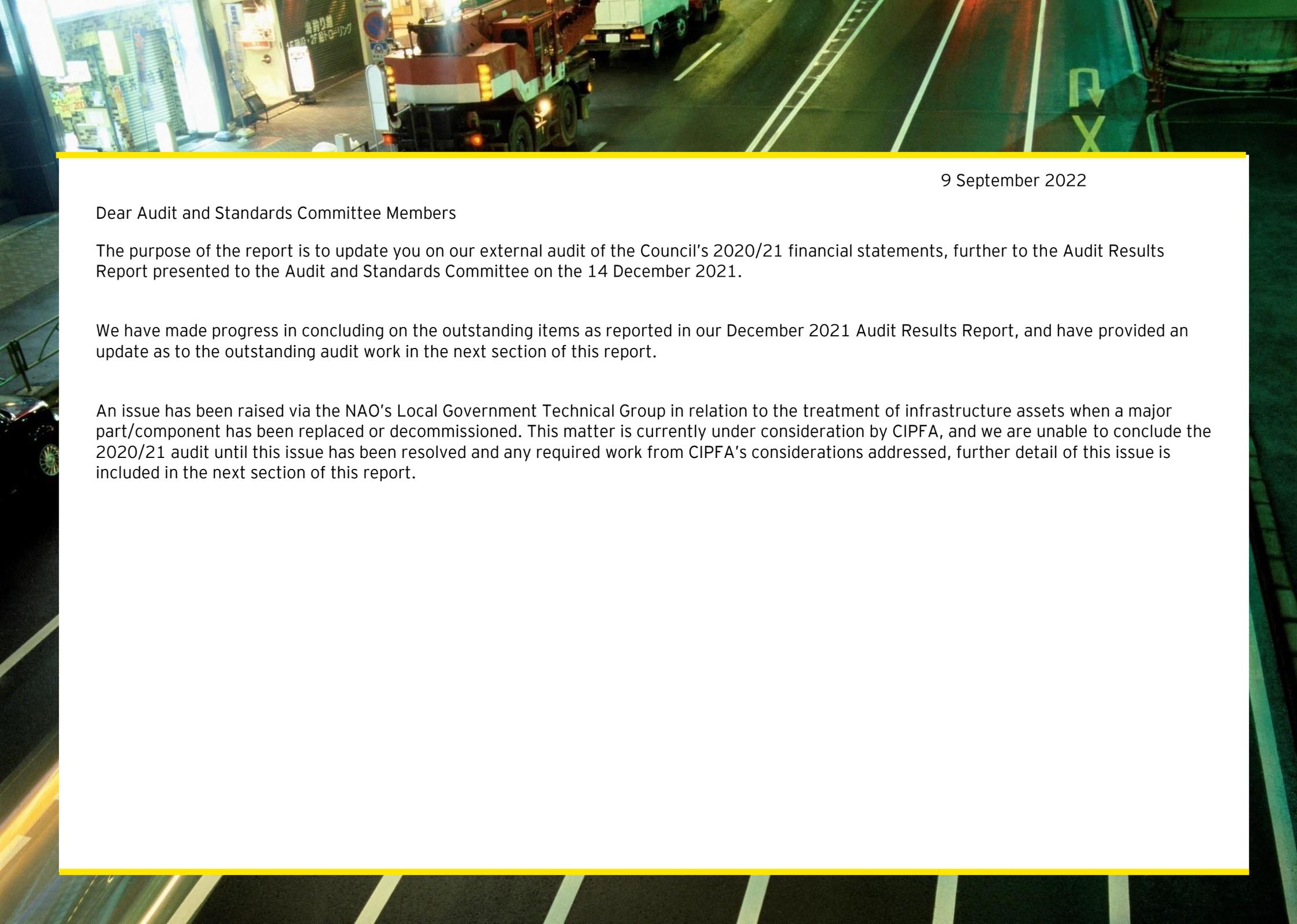


Staffordshire County Council Audit Progress report

Year ended 31 March 2021

September 2022



9 September 2022

Dear Audit and Standards Committee Members

The purpose of the report is to update you on our external audit of the Council's 2020/21 financial statements, further to the Audit Results Report presented to the Audit and Standards Committee on the 14 December 2021.

We have made progress in concluding on the outstanding items as reported in our December 2021 Audit Results Report, and have provided an update as to the outstanding audit work in the next section of this report.

An issue has been raised via the NAO's Local Government Technical Group in relation to the treatment of infrastructure assets when a major part/component has been replaced or decommissioned. This matter is currently under consideration by CIPFA, and we are unable to conclude the 2020/21 audit until this issue has been resolved and any required work from CIPFA's considerations addressed, further detail of this issue is included in the next section of this report.

Executive Summary

Status of the audit

In December 2021 we reported to the Committee that we had substantially completed our audit. Upon final manager and partner review we identified a number of additional areas where we were required to update our audit work to ensure the quality of our audit and of the audit opinion we are required to provide on the 2020/21 financial statements. The remaining outstanding work at the time of this report is:

- ▶ We have completed detailed testing over £562 million of the £717.1 million of Other Service Expenditure disclosed in note 11 of the statement of accounts. We are completing our audit procedures (comprising sample testing) on the remaining £155.1 million.
- ▶ Review of an updated Going Concern Assessment which considers the groups going concern position for 12 months post anticipated opinion date.
- ▶ Whole of Government Accounts procedures outstanding as auditor guidance has yet to be issued.

Infrastructure Assets:

In Addition to the above planned procedures, an issue has been raised via the NAO's Local Government Technical Group that some local authorities are not writing out the gross cost and accumulated depreciation on highways infrastructure assets when a major part/component has been replaced or decommissioned.

Staffordshire County Council holds material infrastructure on its balance sheet of £1,178.9 million as at the 31 March 2021 with material annual capital expenditure of £82.3 million in 2020/21 (£77.8 million in 2019/20). Our current understanding is that a significant proportion of this annual spend is likely to be on the replacement of infrastructure assets and that historically no write off of the gross cost and accumulated depreciation has been made. Therefore the impact on the council is likely to be material on a cumulative basis and material in any given financial year.

This matter is currently under consideration by CIPFA, the result of which could lead to significant work being required by the Council and auditors to determine the impact to Staffordshire County Council and result in material adjustments and disclosures to the Statement of Accounts.

We are unable to conclude the 2020/21 audit until this issue has been resolved and any required work from CIPFA's considerations addressed.

Executive Summary

Status of the audit

Closing Procedures:

- ▶ Review of the final version of the financial statements;
- ▶ Completion of subsequent events review;
- ▶ Receipt of the signed management representation letter; and
- ▶ Final Manager and Engagement Partner reviews.