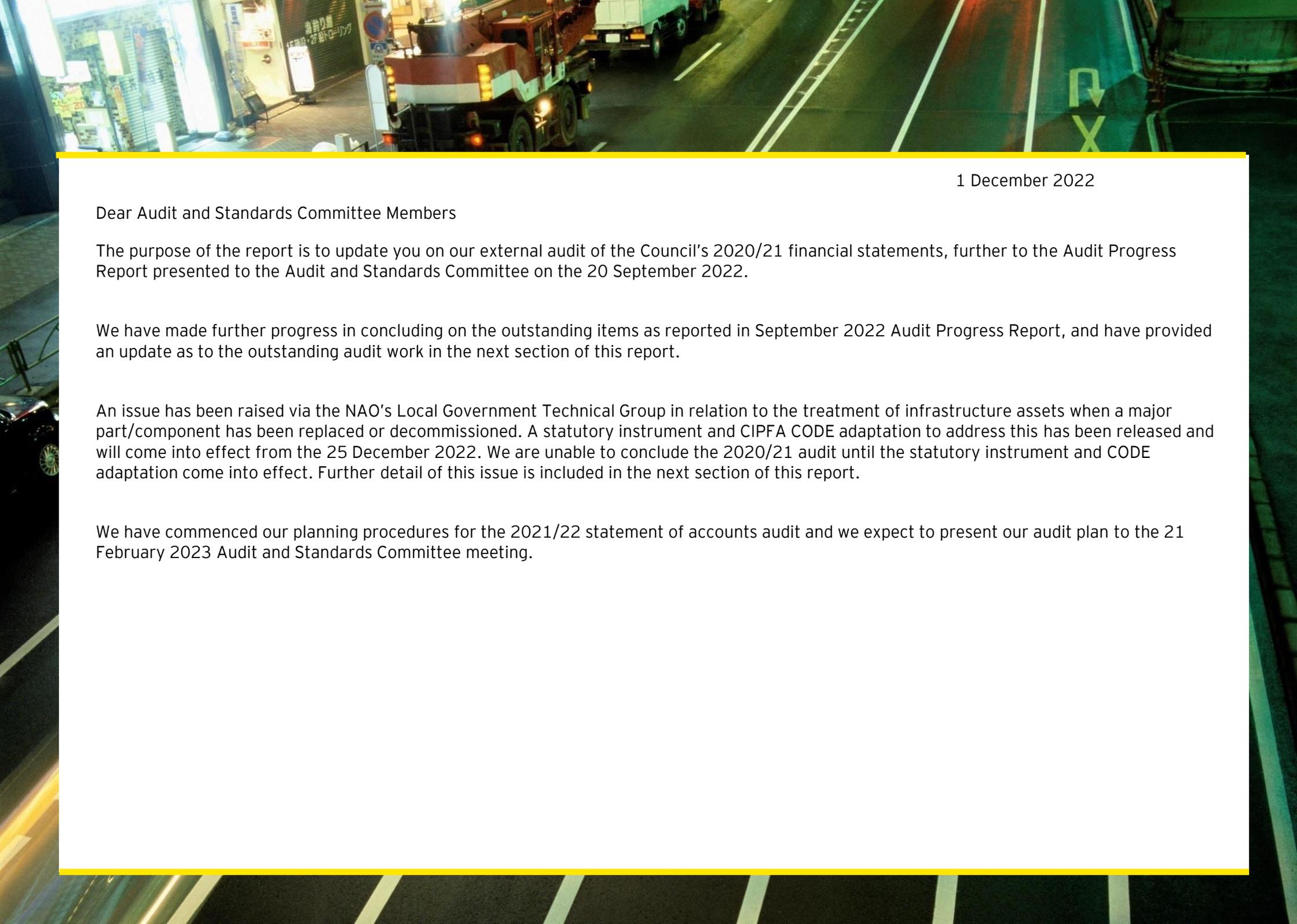


Staffordshire County Council Audit Progress report

Year ended 31 March 2021

December 2022



1 December 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 Progress Report presented to the Audit and Standards Committee on the 20 September 2022.

We have made further progress in concluding on the outstanding items as reported in September 2022 Audit Progress 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. A statutory instrument and CIPFA CODE adaptation to address this has been released and will come into effect from the 25 December 2022. We are unable to conclude the 2020/21 audit until the statutory instrument and CODE adaptation come into effect. Further detail of this issue is included in the next section of this report.

We have commenced our planning procedures for the 2021/22 statement of accounts audit and we expect to present our audit plan to the 21 February 2023 Audit and Standards Committee meeting.

Executive Summary

Status of the audit

In September 2022 we reported to the Committee that we had substantially completed our audit. The remaining outstanding work at the time of this report is:

- ▶ Review of an updated Going Concern Assessment which considers the groups going concern position for 12 months post anticipated opinion date.
- ▶ Completion of audit closure and review procedures.
- ▶ Whole of Government Accounts procedures outstanding as auditor guidance has yet to be issued.

Note, we reported in September 2022 that we had outstanding audit work regarding the testing of expenditure within the Council Comprehensive Income and Expenditure Statement, our outstanding audit procedures have now been completed.

Infrastructure Assets:

In Addition to the above planned procedures, an issue was 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.

A statutory instrument to address this issue was released by DLUHC on the 30 November 2022 which will come into effect from the 25 December 2022. The Council will have the option to apply this instrument to it's accounting of infrastructure assets. In addition CIPFA released an adaptation to the Code of Practice on the 28 November 2022. CIPFA are also planning to issue a technical bulletin to provide further guidance early January 2023.

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.