



Audit and Governance Committee

Monday, 22 March 2021 at 6.30pm

(Online meeting)

Due to Covid-19, this meeting will be held remotely and will be livestreamed here:

<https://www.youtube.com/channel/UCdfb6ZRbYnZ1-rRliLmjUwg>

(Copy and paste the link in your browser)

Committee Members: The Chair (Councillor Hull) and Councillors Barrett, Handley, Harbron, Lis, Mercer, Noland, Place and Wheeler.

Independent Person: Greg Robinson

AGENDA

1. **Apologies for Absence** – To receive any apologies for absence.
2. **Minutes** – To approve the minutes of the meeting held on 21 December 2020.
3. **Public Participation** – In the event that any questions/statements are received or members of the public attend, the public participation session will proceed for a period of up to fifteen minutes.
4. **Declarations of Interest** – All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.

(Note: Declarations should be in the form of:

a “**disclosable pecuniary interest**” under Appendix A to the Council’s Code of Conduct, or “**other interests**” under Appendix B or under Paragraph 15 where a matter arises at the meeting which relates to a financial interest of a friend, relative or close associate.

A Member of Council who has a disclosable pecuniary interest must leave the room and not take part in the discussion or vote. When declaring interests under Appendix B or Paragraph 15 of the Code, Members must move to the public seating area, not vote, and speak only if members of the public are also allowed to speak at the meeting.)

5. **Review of Budget Process** – Report of the Chief Finance Officer (s151 Officer).

Purpose of Report – To outline the Council's approach to budget planning and review the budget forecasts for 2020/21 as set in February 2020 against the latest position.

6. **Audit Strategy Memorandum** – Report of the External Auditor.

Purpose of Report – To present the Audit Strategy Memorandum for Craven District Council for the year ending 31 March 2021.

7. **Draft Annual Audit Plan 2021/22** – Report of the Internal Audit Manager.

REPORT TO FOLLOW

8. **Q3 Progress Monitoring Report** – Report of the Internal Audit Manager.

REPORT TO FOLLOW

9. **Contract Exemptions Granted** - Report of the Chief Finance Officer (s151 officer)

REPORT TO FOLLOW

10. **Any other items** which the Chairman decides are urgent in accordance with Section 100B(4) of the Local Government Act, 1972.

11. **Date and Time of Next Meeting** – Monday, 28 June at 6.30pm.

Agenda Contact Officer:

Hannah Scales, Democratic Services and Scrutiny Officer

E-mail: hscales@cravendc.gov.uk

AUDIT AND GOVERNANCE COMMITTEE

21 December 2020

Present – The Chairman (Councillor Hull) and Councillors Barrett, Handley, Lis, Mercer, Noland, Place, Wheeler and Independent Person Greg Robinson.

Officers – Chief Finance Officer (s151 Officer), Solicitor to the Council and Monitoring Officer, Exchequer and Performance Manager, External Audit Manager, Internal Audit Manager and Democratic Services and Scrutiny Officer.

Apologies for absence were received from Councillor Harbron.

Start: 6.45pm

Finish: 7.20pm

Resolved – That the minutes of the meeting held on 21 September 2020 were approved as a correct record.

Minutes for Report

AC.388 Confirmation of Final Certification - Statement of Accounts 2019/20

The Chief Finance Officer introduced a report which confirmed the certification of the 2019/20 Statement of Accounts, the Audit Completion Report and other related documents. The External Audit Manager assured Members that the movements between the Accounts present in September and the final signed version were minor in nature and not material changes. Members were pleased to note that the issues outstanding in September had been resolved. The Committee thanked the Finance Team and Mazars audit colleagues for completing and auditing the accounts on time and in compliance with the required legislation, regulation and accounting codes despite the current pandemic.

Resolved – That, the final certification of the Statement of Accounts for 2019/20 is noted.

AC.389 Internal Audit – Implementation of Recommendations

The Exchequer and Performance Manager presented a report which updated Members on outstanding internal audit recommendations and all completions in the period. At the time of report production there were 9 internal audit requirements outstanding, Members however were pleased to note that there were now 8 internal audit requirements outstanding.

Members commented on the 'grey' status recommendations which were clarified to be recommendations not yet needing to be followed up by the Exchequer and Performance Manager. Members suggested the addition of the report date and expected completion date and the removal of green status recommendations once noted by the Committee.

Resolved – That, the contents of the report and Appendix A are noted.

AC.390

Internal Audit Services Progress Report

The Chief Finance Officer (s151) introduced a report which updated Members on the progress made against the 2020/21 Internal Audit Plan up to 9 December 2020. The Internal Audit Manager updated Members on the number of days spent on each audit area thus far. Members noted that the allocated 20 Contingency days had been spent on Post Business Support Verification and days originally allocated to Payroll had been reallocated to Business Grant Investigation and S106 audit areas to give the now 'in-house' payroll system time to develop before a full in-depth audit in 2021/22.

Members noted that the Chief Finance Officer (s151) met with the Internal Audit Manager to discuss the structure of next year's Internal Audit Plan to ensure the work is not heavily weighted on the back two quarters of the financial year. Members also noted that there had been no irregularities in relation to advanced payments, there had been 1 investigation which resulted in the return of a business grant to the Council.

Resolved – That, the contents of the report and appendix are noted.

AC.391

Regulation of Investigatory Powers Act 2000

The Solicitor to the Council (Monitoring Officer) submitted a report which advised the Committee of the Council's use of covert surveillance under the Regulation of Investigatory Powers Act 2000 since June 2019. Members were pleased to note that since the last report dated 25 June 2019, no covert surveillance had been authorised. The Solicitor to the Council (Monitoring Officer) brought Members attention to the outstanding training requirements which would be completed before the end of the municipal year.

Resolved – That, the contents of the report and appendix are noted.

Minutes for Decision

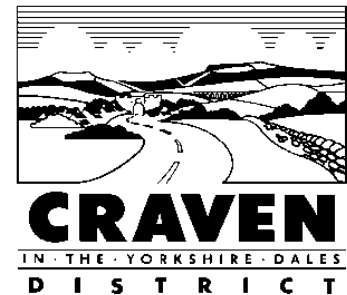
Chairman.

Audit & Governance Committee
22nd March 2021

Review of Budget Process

Report of the Chief Finance Officer

Lead Member Councillor Patrick Mulligan



Ward(s) affected: All

1. Purpose of Report

- 1.1 To outline the council's approach to budget planning and to review the budget forecasts for 2020/21 as set in February 2020 against the latest position. An accompanying presentation (Appendix 1) will assist members in their evaluation and provide guidance to support the Committee's scrutiny role.

2. Recommendations – Members are recommended to:

- 2.1 Note the contents of the report and presentation.

3. Report

- 3.1 The council is legally required to set a balanced budget and to approve a level of Council Tax. To inform this process, the council maintains a Medium Term Financial Plan, covering a 3-5 year period, which attempts to estimate what the potential budget position would be each year, based on a number of informed judgements and assumptions.
- 3.2 Like any forward plan, the assumptions under-pinning change and so the position will change over time. The further ahead the forecast looks, the less certainty there is around the exact position. However, the MTFP gives a reasonable indication, early on, to allow the council to plan for a position, even if the final position is slightly different.
- 3.3 The presentation attached as Appendix 1 sets out the annual timetable and sequence of events, building up to the approval of the annual budget. It summarises the council's revenue budget and compares the position from February 2020 to the latest forecast.
- 3.4 The results show that generally, the estimates included in the approved budget have proved accurate. However, the position this financial year has been significantly affected by the pandemic and this is reflected in the position – particularly regarding income and government grant support.
- 3.5 The Committee may wish to scrutinise the position further and may wish to have more frequent reports of this nature in future. It will assist members in their scrutiny of the final accounts position to understand how the revenue budget

has performed against the original plan and how this impacts the council's financial position.

4. Financial and Value for Money Implications

4.1 None directly. The report hopes to enhance financial scrutiny.

5. Legal Implications

5.1 None directly. The Council is legally required to set a balanced budget.

6. Contribution to Council Priorities

6.1 Sound financial management provides a foundation to support the delivery of the council's objectives.

6.2 **Impact on the declared Climate Emergency** – as above.

7. Risk Management

7.1 Effective scrutiny of the council's budgeting processes will help to enhance the management of risks to help maintain financial resilience.

7.2 Chief Finance Officer (s151 Officer) Statement

It is important that elected members have confidence in the council's approach to medium term financial planning and budget setting.

8. Equality Impact Analysis

8.1 This is covered when the annual budget is set.

9. Consultations with Others

9.1 There is a public consultation as part of the budget process.

10. Background Documents

10.1 The papers and minutes of the Policy Committee, 4th February 2020 (available on the council's website) show the full package of reports behind the 2020/21 budget, including the Medium Term Financial Plan (2020-2024).

11. Appendices

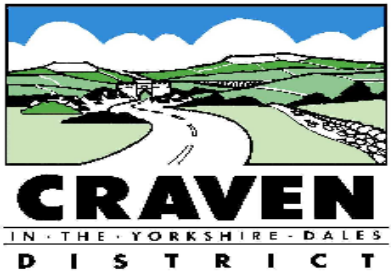
- Appendix 1 Budget Scrutiny Presentation

12. Author of the Report

Name Richard Weigh, Chief Finance Officer

E-mail: rweigh@cravendc.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

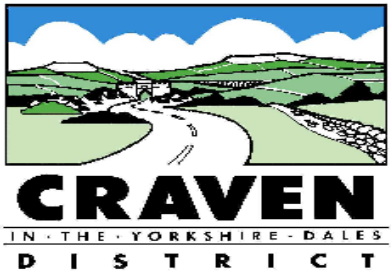


Appendix 1

Budget Scrutiny: Audit & Governance Committee

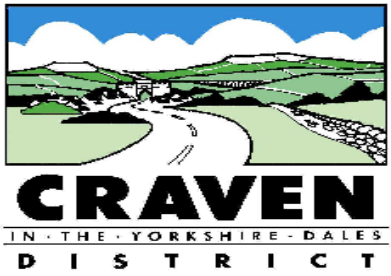
Richard Weigh, James Hordern

22nd March 2021



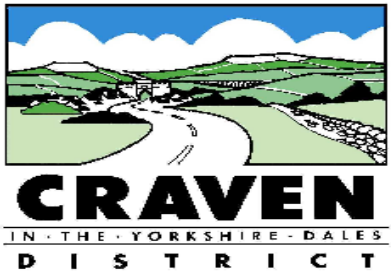
Budget Planning – Medium Term Financial Plan (MTFP)

- 3-5 year estimated financial plan
- Build informed assumptions to support funding, income and expenditure estimates
- Certainty diminishes progressively over time
- Key elements – funding sources, costs and income, reserves position
- Difference between funding, income, costs and savings = potential budget gap/surplus
- Regularly updated, time to plan toward significant decisions



Budget Planning/Build-up

- Calculation and approval of tax base – October
- Business rates pool considerations – Autumn
- Fees & Charges approved – November/December
- Provisional settlement – usually December
- Budget proposals – January
- Final settlement – January/February
- Setting Council Tax – February/by around 10th March



Budget Planning - Considerations

- Starting point - rolling MTFP position
- Multi-year Settlement agreement in place?
- Estimate range of possible outcomes if not
- In-year position reviewed – savings and pressures
- Balances & reserves reviewed
- Key cost drivers – pay, pensions, inflation, capital financing
- Risks



In January 2020, we reported:

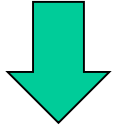


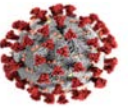



- Costs growing faster than funding or income
- One-year position only, uncertainty beyond that
- Funding estimates for 2020/21 were based on provisional settlement
- Assumed continuation of shift in balance of funding from central to 'local' and incentivising growth
- Key funding sources all under review nationally



MTFP Summary at Jan 2020

	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Net Expenditure Budget	7,042	6,882	7,421
Funded by:			
• Government Grants - NHB	(564)	(135)	(69)
• Government Grants – RSDG & Other	(326)	(325)	(280)
• Business Rates (NNDR) Allocation	(1,720)	(1,600)	(1,610)
• Collection Fund	(39)	(30)	(30)
• Transfers to/ (from) Reserves	(385)	(75)	(243)
Net Budget Before Council Tax	4,008	4,717	5,189
Council Tax Income (£5.00 increase assumed)	4,008	4,142	4,277
Budget Gap	0	576	¹² 912

How our assumptions fared:

- Pay 3% – actual was 2.75% 
- Pensions – confirmed rate of 19.8% 
- Inflation – actual in line with expectations 
- Fee increases £60k  
- Savings – Green £176k v £68k, Amber £138k v £188k 
- Budget Gap: 21/22 - £0, 22/23 - £1,014k, 23/24 - £1,384k 

Summary Comparison

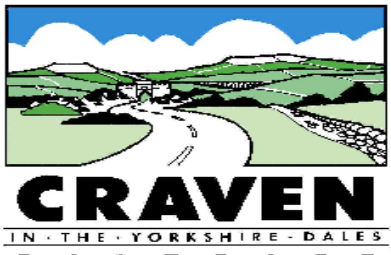
Total Council Budget 2020/21	Set February 2020	Forecast February 2021	Difference
	£'000	£'000	£'000
Net Expenditure Budget	7,042	8,218	1,176
Funded By:			
• Government Grants – NHB	(564)	(564)	-
• Government Grants – RSDG & Other	(326)	(326)	-
• NDR Allocation	(1,720)	(1,720)	-
• Collection Fund	(39)	(39)	-
• Transfers to/ (from) Reserves	(385)	(385)	-
• Central Government COVID Grant Support	-	(768)	(768)
• Estimated Sales, Fees and Charges Compensation	-	(270)	(270)
Estimated Contingency Support	-	450	450
Net Budget Forecast Before CTax	4,008	4,596	588



Revenue Budget 2020/21 Set Feb 20 vs Latest forecast Feb 21 (Part 1)

Detail to Net Cost of Service (NCOS) Level

	Set February 2020	Forecast February 2021	Difference: favourable shown in ()
	£'000	£'000	£'000
Service Departments			
Licensing Services	(31)	1	31
Environmental Health & Housing Services	675	756	81
Waste Management Services	1,648	1,618	(29)
Bereavement Services	(457)	(674)	(217)
Planning & Building Control Services	306	624	319
Economic Development	422	447	25
Cultural Services (incl. Museum & Town Hall)	333	432	99
Leisure Services	69	610	541
Assets & Commercial Services	(374)	100	474
Legal Services	130	149	18
Member Services	286	290	4
Election Services	162	159	(2)
Chief Execs & Business Support	1,372	1,401	28
Financial Management	994	904	(90)
ICT & Transformation	549	516	(34)
Craven District Council : NCOS	6,084	7,332	1,249



Revenue Budget 2020/21 Set Feb 20 vs Latest forecast Feb 21 (Part 2)

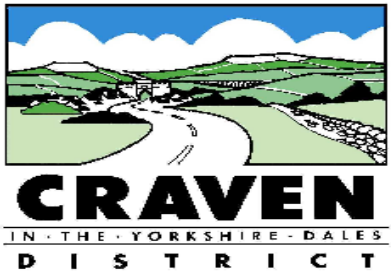
Detail below Net Cost of Service (NCOS) Level

	Set February 2020	Forecast February 2021	Difference: favourable shown in ()
	£'000	£'000	£'000
NCOS (bf from previous slide)	6,084	7,332	1,249
Interest	86	121	35
Capital Financing	798	690	(108)
Corporate Contingency	75	75	-
Net Expenditure Budget	7,042	8,218	1,176
Funded By:			
• Rates and grants	(2,610)	(2,610)	-
• Collection Fund	(39)	(39)	-
• Transfers to/ (from) Reserves	(385)	(385)	-
• Central Government COVID Grant Support	-	(768)	(768)
• Estimated Sales, Fees and Charges Compensation	-	(270)	(270)
• Estimated contingency support – revenue budget and collection fund	-	450	450
Council Tax	(4,008)	(4,008)	-
Total Council Position 2020/21	-	588	588

Reserves & Balances

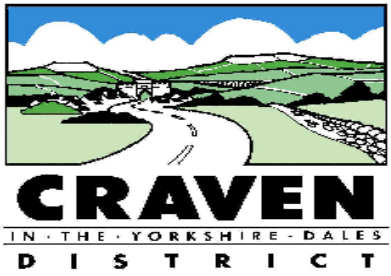
- Earmarked reserves – cash set aside for a specific purpose, risk or commitment
- General fund balance – cash available for use to address unplanned or emergency events

2021/21	Forecast			Actual	
	Opening	Closing		Opening	Closing
	£k	£k		£k	£k
Total Earmarked Reserves	6,530	6,558		6,720	6,234
General Fund	995	995		995	995
Total Revenue Reserves	7,525	7,553		7,715	7,229



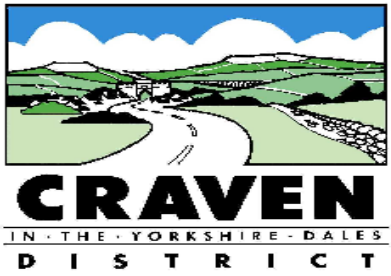
Statement of Accounts

- Final reported position at Q4 must be consistent with final of accounts position
- Narrative report will reflect the final revenue (and capital) position
- Final revenue position represented in the movement in reserves analysis
- Reconciliation between the management accounts and the final accounts



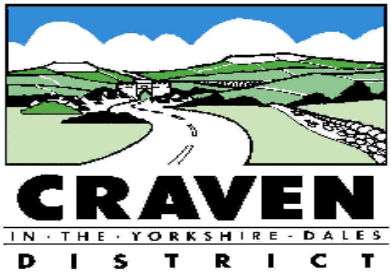
Summary

- Core assumptions have proved reasonably sound (in a normal year!)
- Confidence that the process is robust and reliable
- Use of reserves within normal parameters
- However, Covid-19 has had a significant impact – income loss, additional costs, collection fund, savings
- Government grants, reliefs and compensation have stabilized the position



Governance/Scrutiny

- Quarterly reports to Policy Committee
- Challenge significant variances at service level or within funding assumptions
- Question significant unplanned use of reserves
- Review in-year budget performance impact on the wider financial position (Statement of Accounts)
- Review the Annual Governance Statement
- Review budget process and development of the next MTFP



QUESTIONS

Audit Strategy Memorandum (DRAFT)

Craven District Council

Year ending 31 March 2021



Contents

- 01** Engagement and responsibilities summary
- 02** Your audit engagement team
- 03** Audit scope, approach and timeline
- 04** Significant risks and other key judgement areas
- 05** Value for Money
- 06** Fees for audit and other services
- 07** Our commitment to independence
- 08** Materiality and misstatements

Appendix – Key communication points

This document is to be regarded as confidential to Craven District Council. It has been prepared for the sole use of the Audit and Governance Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.



Audit and Governance Committee
Craven District Council
1 Belle Vue Square
Broughton Road
Skipton
BD23 1FJ

22 March 2021

Dear Committee Members

Audit Strategy Memorandum – Year ending 31 March 2021

We are pleased to present our Audit Strategy Memorandum for Craven District Council for the year ending 31 March 2021. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Craven District Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management but is subject to completion of our full planning procedures, as being the basis for a discussion around our audit approach, and any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07795 506766.

Yours faithfully

Mark Dalton
Mazars LLP

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We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: 839 8356 73

01

Section 01: **Engagement and responsibilities summary**

1. Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Craven District Council (the Council) for the year to 31 March 2021. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.



Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or the Audit and Governance Committee, as those charged with governance, of their responsibilities.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and Internal Audit, as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.



Going concern

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. The section 151 officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on the appropriateness of the section 151 officer's use of the going concern basis of accounting in the preparation of the financial statements and the adequacy of disclosures made.



Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



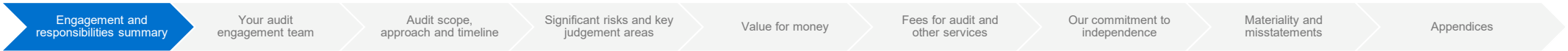
Reporting to the NAO

We report to the NAO on the Council's financial statements and the matters arising from our audit which are relevant to the Council's Whole of Government Accounts (WGA) submission.



Electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom



02

Section 02:

Your audit engagement team

2. Your audit engagement team

Your external audit service continues to be led by Mark Dalton. A summary of key team members are detailed below:

Who	Role	E-mail
Mark Dalton	Engagement Lead	mark.dalton@mazars.co.uk
Mark Outterside	Engagement Senior Manager	mark.outterside@mazars.co.uk
Keith Illingworth	Engagement Assistant Manager	keith.illingworth@mazars.co.uk



Engagement and responsibilities summary	Your audit engagement team	Audit scope, approach and timeline	Significant risks and key judgement areas	Value for money	Fees for audit and other services	Our commitment to independence	Materiality and misstatements	Appendices
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03

Section 03:

Audit scope, approach and timeline

3. Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment. At this stage our risk assessment remains in progress and this Audit Strategy Memorandum is draft. Following completion of our planning procedures, we will update the Audit and Governance Committee on any new risks, if necessary.

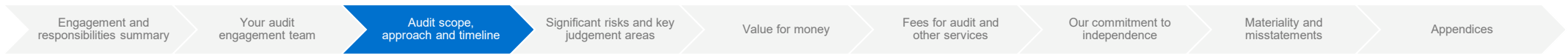
If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.

COVID-19 working arrangements and impact on our auditor's report

The accounts preparation and audit will once again be significantly impacted by the COVID-19 remote working arrangements and it is important that we continue to keep in close contact with the finance team and are able to respond to emerging issues. The outline timetable on the following page is based on our current understanding of the national deadlines and the current working arrangements.



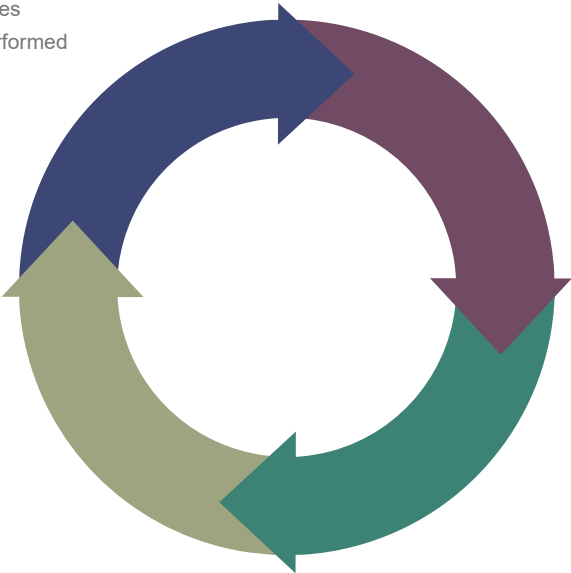
3. Audit scope, approach and timeline

Planning February – March 2021

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

Interim March – April 2021

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

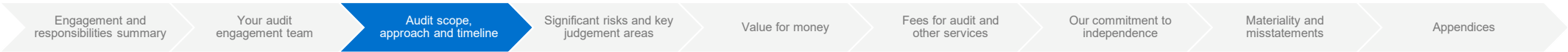


Completion October - November 2021

- Final review and disclosure checklist of financial statements
- Final Engagement Lead review
- Agreeing content of letter of representation
- Reporting to the Audit and Governance Committee
- Reviewing subsequent events
- Signing the auditor's report

Fieldwork July - September 2021

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting



3. Audit scope, approach and timeline

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management’s and our experts

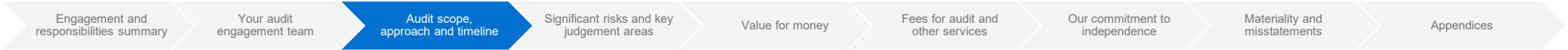
Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Property, plant and equipment	John Trenor The Council’s internal valuer	We do not plan to engage our own expert in this area, although we plan to consider third party information to challenge and corroborate key assumptions and judgements used by the Council’s valuer
Pensions	Aon Hewitt Limited Actuary for North Yorkshire Pension Fund	PwC LLP Consulting actuary appointed by the NAO
Financial instrument disclosures	Link Asset Services Treasury management advisors	None

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

Based on our discussions with management, and consistent with the prior year, there are no service organisations used by the Council that are relevant to our audit of the financial statements.



04

Section 04:

**Significant risks and other key
judgement areas**

4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.

Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement ('RMM') at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



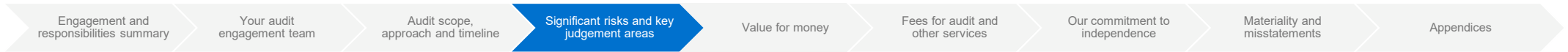
4. Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit and Governance Committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.



4. Significant risks and other key judgement areas

Significant risks (continued)

	Description	Fraud	Error	Judgement	Planned response
2	<p>Net defined benefit liability valuation</p> <p>The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet.</p> <p>The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits.</p> <p>Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>	○	●	●	<p>We plan to address the risk by:</p> <ul style="list-style-type: none"> critically assessing the competency, objectivity and independence of the North Yorkshire Pension Fund's Actuary, Aon Hewitt; liaising with the auditors of the North Yorkshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements. <p>In line with 2019/20 and the continuing Covid-19 pandemic, we will monitor the valuation approach and whether a material uncertainty disclosure will be required for 2020/21.</p>

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4. Significant risks and other key judgement areas

Significant risks (continued)

	Description	Fraud	Error	Judgement	Planned response
3	<p>Valuation of property, plant and equipment, investment properties and assets held for sale</p> <p>The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment, investment properties and assets held for sale, with the majority required to be carried at valuation.</p> <p>The valuation of these assets is complex and is subject to a number of management assumptions and judgements.</p> <p>Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p>	○	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> critically assessing the Council's valuers scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA code of practice and the Council's accounting policies; assessing whether valuation movements are in line with market expectations by considering valuation trends; and critically assessing the approach that the Council adopts to ensure that assets that are not subject to revaluation in 2020/21 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Councils valuers. <p>In line with 2019/20 and the continuing Covid-19 pandemic, we will monitor the valuation approach and whether a material uncertainty disclosure will be required for 2020/21.</p>

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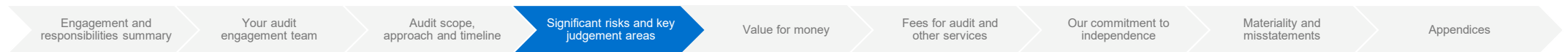
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4. Significant risks and other key judgement areas

Significant risks (continued)

	Description	Fraud	Error	Judgement	Planned response
4	Covid-19 grant recognition Throughout 2020/21, the Government has provided substantial sums of financial support to local authorities. A lack of clarity exists in respect of the expected accounting treatment over this income. We have therefore identified accounting for the completeness and accuracy of this income as a risk.	○	●	○	We plan to address this risk by: <ul style="list-style-type: none"> • reviewing the Council's approach in determining whether grants are or are not ringfenced for specified areas of expenditure; • testing grant income recorded in the ledger to grant allocations/ notifications; and • reviewing a sample of grants to ensure conditions to recognise the income in 2020/21 have or have not been met.



05

Section 05: **Value for Money**

5. Value for Money

The framework for Value for Money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

The new Code of Audit Practice (the Code) has changed the way in which we report our findings in relation to Value for Money (VFM) arrangements from 2020/21. Whilst we are still required to be satisfied that the Council has proper arrangements in place, we will now report by exception in our auditor's report where we have identified significant weakness in those arrangements. This is a significant change to the requirements under the previous Code which required us to give a conclusion on the Council's arrangements as part of our auditor's report.

Under the new Code, the key output of our work on VFM arrangements will be a commentary on those arrangements which will form part of the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

- 1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
- 2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
- 3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Further details of the specified reporting criteria are provided on the following page.

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: <ul style="list-style-type: none">• NAO guidance and supporting information• Information from internal and external sources including regulators• Knowledge from previous audits and other audit work undertaken in the year• Interviews and discussions with staff and members.
Additional risk based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• Significant weaknesses identified and our recommendations for improvement• Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.



5. Value for money conclusion

Under the 2020 Code, we are required to structure our commentary on the Council's 'proper arrangements' under three specified reporting criteria, which are expanded in the supporting guidance notes produced by the National Audit Office:

Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services

- how the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them
- how the body plans to bridge its funding gaps and identifies achievable savings
- how the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- how the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system
- how the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Governance: how the body ensures that it makes informed decisions and properly manages its risks, including

- how the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- how the body approaches and carries out its annual budget setting process
- how the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed
- how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

Improving VFM: how the body uses information about its costs and performance to improve the way it manages and delivers its services

- how financial and performance information has been used to assess performance to identify areas for improvement
- how the body evaluates the services it provides to assess performance and identify areas for improvement
- how the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve
- where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.

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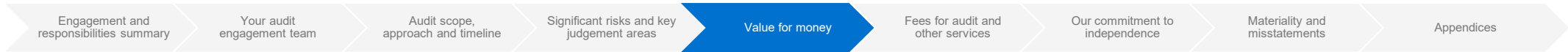
Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Due to the late release of the NAO's Auditor Guidance Note and supporting information to auditors, we have not yet fully completed our planning and risk assessment work.

Early discussions with management indicate that the Council has some large capital projects at the Engine Shed Lane Depot and Langcliffe Quarry that are reliant on grant funding for completion. The VFM guidance specifically identifies large capital projects as potential risks of significant weakness, and we will therefore consider the arrangements in relation to these as part of our work.

On completion of our full risk assessment, we will report any additional identified risks of significant weaknesses in arrangements to the Audit and Governance Committee.



06

Section 06:

Fees for audit and other services

6. Fees for audit and other services

Fees for work as the Council's appointed auditor

Details of the 2019/20 Actual and 2020/21 Audit fees in line with PSAA and other reporting mechanisms are set out below:

Area of work	2020/21 Proposed Fee	2019/20 Actual Fee
Scale audit fee	£35,281	£35,281
<i>Fee variations:</i>		
Additional testing on Property, Plant & Equipment and Defined Benefit Pensions Schemes as a result of changes in regulatory expectations	£7,067 ¹	£7,067
Additional testing as a result of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA570 (Revised) Going Concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements.	£2,000 ²	-
Other additional costs	TBC	£5,032 ³
Sub-total	£44,348	£47,380
Additional work arising from the change in the Code of Audit Practice (indicative)	TBC ⁴	-
Total	£44,348 ⁵	£47,380

Fee variations are subject to confirmation from PSAA.

PSAA have issued a consultation on the 2021/22 audit fee scale. We will revisit our fee proposal in line with the outcome of this consultation to ensure we are consistent with sector wide changes.

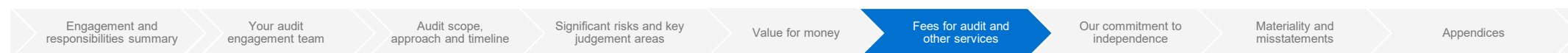
¹ As previously reported to you, the scale fee has been adjusted to take into account the additional work required as a result of increased regulatory expectations over these areas.

² For 2020/21, two new auditing standards have been introduced incurring additional time and audit work not reflected in the scale fee. Additional testing as a result of the implementation of IFRS 16 Leases is deferred to the financial year 2021/22.

³ The additional audit costs in 2019/20 are disclosed within our Annual Audit Letter, which was provided to management in December 2020. These mainly related to the additional testing and reporting of uncertainties in key estimates as a result of Covid-19.

⁴ The new Code of Audit Practice and associated guidance changes the way in which we undertake and report our value for money work in 2020/21 (as detailed in section 5) and will require additional audit input. We expect the fee impact to be 15-20% of the statutory audit fee. The final fee will take into account the extent of the additional work actually required. We will continue to liaise with Management on any proposed changes to the fee.

⁵ This is a proposed fee for 2020/21 at the point of the issue of our ASM. This figure is subject to change and additional costs will be discussed with management, for example material valuation uncertainty on asset valuations as a result of Covid-19.



6. Fees for audit and other services

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Area of work	2020/21 Proposed Fee	2019/20 Actual Fee
Other services - Housing Benefits Subsidy Assurance	£9,600*	£9,500

* Estimated. The fee increases each year in line with the 12 month RPI rate following completion of the current year's work on the claim, and rounded up to the nearest £100. The 2019/20 work is due to be completed by the end of March 2021 as agreed with DWP and due to delays caused by the COVID-19 pandemic. The estimate is based on the January 2021 12 month RPI rate of 0.9% (the latest information available).

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07

Section 07: **Our commitment to independence**

7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

The Ethical Standard 2019 is applicable for any non-audit services commencing on or after 15 March 2020.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

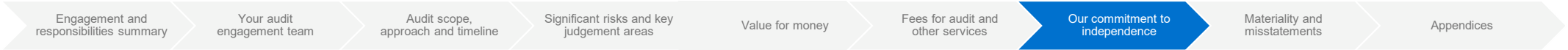
- All partners and staff are required to complete an annual independence declaration;
- All new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- Rotation policies covering audit engagement partners and other key members of the audit team; and
- Use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Mark Dalton in the first instance.

Prior to the provision of any non-audit services Mark Dalton will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Principal threats to our independence and identified associated safeguards in relation to the planned non-audit work for 2020/21 are set out below. Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

Service	Considerations
Housing Benefits Subsidy Assurance	<p>We have considered threats and safeguards as follows:</p> <ul style="list-style-type: none">• Self Review: The work does not involve the preparation of information that has a material impact upon the financial statements subject to audit by Mazars;• Self Interest: The total fee level is not deemed to be material to the Council or Mazars. The work undertaken is not paid on a contingency basis;• Management: The work does not involve Mazars making any decisions on behalf of management;• Advocacy: The work does not involve Mazars advocating the Council to third parties;• Familiarity: Work is not deemed to give rise to a familiarity threat given this piece of assurance work used to fall under the Audit Commission / PSAA certification regimes and was the responsibility of the Council's appointed auditor; and• Intimidation: The nature of the work does not give rise to any intimidation threat from management to Mazars.



08

Section 08:

Materiality and other misstatements

8. Materiality and misstatements

Summary of initial materiality thresholds

Threshold	Materiality £'000s
Overall materiality	550
Performance materiality	410
Trivial threshold for errors to be reported to Audit and Governance Committee	16.5
<u>Specific materiality:</u>	
Senior Officer remuneration (including Exit Packages)	5*
Related Party Transactions	50
Members allowances	5

*Reflecting movement from one salary band to another

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

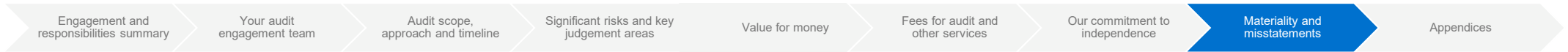
The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented and audited to levels of materiality;
- Recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- Will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.



8. Materiality and misstatements

Materiality (continued).

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of total gross expenditure. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to Audit and Governance Committee.

We consider that total gross expenditure. remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold at 2% of total gross expenditure. Based on the prior year audited financial statements we anticipate the overall materiality for the year ending 31 March 2021 to be £550k for the audit of the Council's financial statements.

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In setting performance materiality we have taken into account the improvements made to last year's financial statements compared to those presented in 2018/19, and our cumulative audit knowledge. We have therefore set our performance materiality at 75% (increased from 70% in the prior year) of our overall materiality, being £410k.

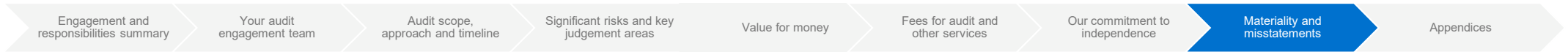
Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit and Governance Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £16.5k based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Mark Dalton.

Reporting to Audit Committee.

The following three types of audit differences will be presented to the Audit and Governance Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).





Appendix: Key communication points

Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

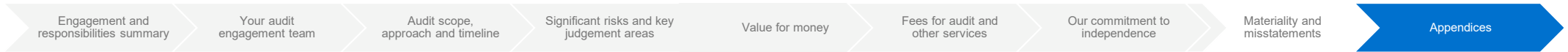
These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.



Appendix: Key communication points

ISA (UK) 260 ‘Communication with Those Charged with Governance’, ISA (UK) 265 ‘Communicating Deficiencies In Internal Control To Those Charged With Governance And Management’ and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> Uncorrected misstatements and their effect on our audit opinion; The effect of uncorrected misstatements related to prior periods; A request that any uncorrected misstatement is corrected; and In writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> Enquiries of the Audit and Governance Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and A discussion of any other matters related to fraud. 	Audit Completion Report and discussion at the Audit and Governance Committee. Audit Planning and Clearance meetings

Appendix: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	Audit Completion Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Audit and Governance Committee in the context of fulfilling their responsibilities. 	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report

Appendix: Key communication points

Required communication	Where addressed
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of.	Audit Completion Report and Audit and Governance Committee meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none">Whether the events or conditions constitute a material uncertainty;Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; andThe adequacy of related disclosures in the financial statements.	Audit Completion Report
Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report

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