

# Uttlesford District Council

Combined Audit Planning Report and Audit Completion Report: Year ended 31 March 2021

Report to the Audit and Standards Committee



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# Welcome

## Introduction

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This is our combined Audit Planning Report and Audit Completion Report to the Audit and Standards Committee of Uttlesford District Council (the 'Council'). The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

This combined report is an integral part of our communication strategy with you. It summarises the overall audit strategy for the year ended 31 March 2021 in respect of our audit of the financial statements and use of resources; comprising materiality and key audit risks. It also summarises the results of our audit of the Council of for the year ended 31 March 2021, including areas requiring further discussion and/or the attention of the Audit & Standards Committee. We look forward to discussing these matters with you at the Audit and Standards Committee meeting on 10 December 2024, and to receiving your input. In the meantime, if you would like to discuss any aspects in advance of the meeting, we would be happy to do so.

This report contains matters which should properly be considered by the Council as a whole. We expect that the Audit & Standards Committee will refer such matters to the Council together with any recommendations, as it considers appropriate.

We would also like to take this opportunity to thank management and staff of Uttlesford District Council for the co-operation and assistance provided during the audit.

**Ciaran McLaughlin**, Key Audit Partner  
For and on behalf of **BDO LLP**

5 December 2024



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# Overview

## Audit scope and objectives

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Reporting	Objectives
<b>Auditing standards</b>	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
<b>Local Audit Reset and Recovery Implementation Guidance (LARRIGs) and Code of Audit Practice</b>	We will perform our audit in accordance with LARRIGs and the Code of Audit Practice 2024 published by the National Audit Office.
<b>Financial statements</b>	We will express an opinion on Uttlesford District Council's financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2020/21 and other directions.
<b>Additional powers and duties</b>	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to Uttlesford District Council; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
<b>Use of resources and Auditor's Annual Report</b>	<p>We will provide a commentary on Uttlesford District Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from Uttlesford District Council.</p> <p>The Auditor's Annual Report is required to be published by Uttlesford District Council.</p>

# Overview

## Executive summary

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This summary provides an overview of the audit matters that we believe are important to the audit of the financial statements for Uttlesford District Council for the year ended 31 March 2022.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

### Responsible financial officer (RFO)

The Accounts and Audit Regulations 2015 require Strategic Director of Finance, as RFO, to sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of:

- the financial position of the authority at the end of the financial year to which it relates; and
- that authority's income and expenditure for that financial year.

Our audit of the financial statements does not relieve the RFO nor those charged with governance of their responsibilities for the preparation of the statement of accounts.

### Overview

Our audit work is substantially complete and subject to the successful resolution of outstanding matters we anticipate issuing our audit opinion on the Uttlesford District Council's financial statements for the year ended 31 March 2021.

Outstanding matters are listed on page 24.

No restrictions were placed on our work by management.

### Circumstances that affect the form and content of the auditor's report

There has been a deterioration in the timeliness of local audit in recent years leading to a persistent and significant backlog of audit opinions. Across England, the backlog of outstanding audit opinions stood at 771 at 31 December 2023 and is estimated to increase to around 1,000 later this year. In February 2024, the Department for Levelling Up, Housing and Communities published 'Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit'. This joint

statement confirmed that:

*"The issues facing local audit are widely recognised as multi-faceted and complex with no single cause or solution".*

The factors contributing to the delay in issuing an audit opinion on the financial statements of Uttlesford District Council for the year ended 31 March 2022 include, but are not limited to:

- increased regulator expectations on auditors
- difficulties in attracting, developing and retaining staff to perform local audit work
- the impact of the Covid-19 pandemic

Over the last year, organisations involved in the regulation and oversight of local body financial reporting and audit have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

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To clear the backlog of historical accounts and 'reset' the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 ('the backstop date'). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.

The backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Consequently, this prevents us from meeting the overall objectives of an audit as set out in ISA (UK) 200 '*Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*'. Therefore, the backstop date has created circumstances which require us to consider modifying our opinion on Uttlesford District Council's financial statements.

### Significant difficulties encountered during the audit

ISAs (UK) require us to report to you any significant difficulties we have encountered during the audit. As previously outlined, the backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Therefore, the backstop date represents a significant difficulty that we have encountered during the audit.

The Accounts and Audit (Amendment) Regulations 2024 require Uttlesford District Council to publish audited financial statements for the year ended 31 March 2021 by 13 December 2024. We have not able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by this date. As a result, we are unable to conclude that Uttlesford District Council's financial statements for the year ended 31 March 2021 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Therefore, we anticipate issuing a disclaimer of opinion on the financial statements as set out on page 19 of this report. The report will draw attention to the material misstatement identified in respect of the Cash and Cash equivalents figure in the balance sheet, details of which can be found on page 7.

### Use of resources

We have no significant weaknesses to report at this stage in respect of the Council's value for money arrangements.

### Independence

We confirm that the firm and its partners and staff involved in the audit are independent of Uttlesford District Council in accordance with the Financial Reporting Council's (FRC's) Ethical Standard.

# The numbers

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This summary provides an overview of the audit scope and materiality for the year ended 31 March 2021.

### Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties. Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Materiality for the Group has been set at 1.75% of gross expenditure for the period (prior year 1.75%) and is outlined in the adjacent chart. For reporting purposes, we consider misstatements of less than £25k (2020: £30k) to be trivial unless the misstatement is indicative of fraud.

### Council's responsibilities

The Strategic Director of Finance, Commercialisation and Corporate Services ("Section 151 Officer") is responsible for the preparation of the Statement of Accounts and for being satisfied that these show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2020/21, applicable accounting standards or other direction under the circumstances. Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

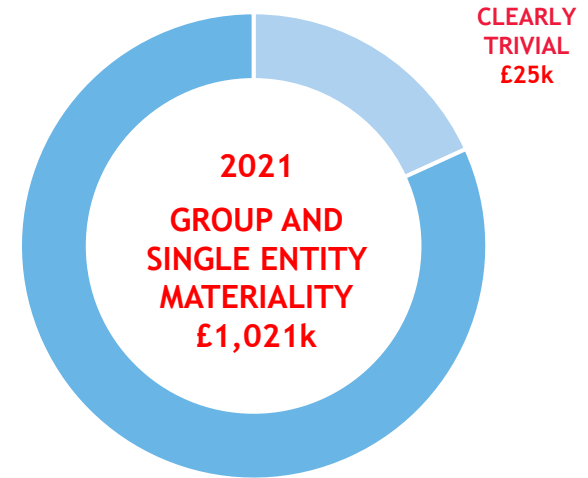
### Material misstatements

We identified a material misstatements of £2.950 million relating to cash and cash equivalents being incorrectly classified as short-term investments. We also identified a similar classification error in the comparative figures amounting to £2.0 million. Both classification errors described have not been adjusted for.

### Unadjusted audit differences

Other than the errors described above, we did not identify any audit differences that have not been adjusted for.

As a part of our call and cast of the financial statements, we noted immaterial inconsistencies in relation to comparative figures.





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As Group auditor we are required to design an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion ISA (UK) 600. A high-level overview of how we have designed the Group audit strategy is summarised below to ensure you have clear oversight of the scope of the work we intend to perform on each entity.

Audit Risks, covered later in this report, are cross referenced to each entity to provide clarity over how these arise within your business and where the focus of the audit work will be.

The clearly trivial threshold for the Group has been set at the Group level at £25k. The clearly trivial threshold for the components is as set out in the table below.

Entity	Nature of operations	Audit classification	Reason for classification	Audit risks	Component materiality	Component clearly trivial threshold	Overall audit strategy	Work performed and results
Uttlesford District Council	Local authority	Significant component	Size and risk	Risks 1 -5	£1,021k	£25k	Please see "Work performed and results" below.	Please see "Work performed and results" below.
Aspire (CRP) Limited	Company	Non-significant component	Size and risk	Consolidation completeness and accuracy risk	£1,021k	£25k	Please see "Work performed and results" below.	Please see "Work performed and results" below.

## Work performed and results

We are required to provide you with an overview of the:

- type of work to be performed on the financial information of the components
- nature of our planned involvement in the work to be performed by the component auditors on the financial information of significant components.

The backstop date has created time constraints that have impeded us from:

- determining the type of work to be performed on the financial information of the components
- planning our involvement in the work to be performed by the component auditors on the financial information of significant components
- completing all necessary procedures in response to the audit risks identified, which means that we were unable to obtain sufficient, appropriate audit evidence in respect of these risks.



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We assessed the following matters as being the most significant risks of material misstatement in the financial statements, or those where we consider there to be an elevated risk of material misstatement. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

The backstop date has created time constraints that have impeded us from completing all necessary risk assessment procedures. Therefore, we have not been able to meet the objective of ISA (UK) 315 *Identifying and Assessing the Risks of Material Misstatement*, which is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. Had we met the objective of ISA (UK) 315, we may have identified additional risks to those listed below.

#	Audit Risk	Significant or Elevated Risk	Fraud risk present	Significant management estimates & judgements	Specific Letter of Representation Point
1	Management override of controls	Significant	Yes	Yes	No
2	Specific revenue grants	Significant	Yes	Yes	No
3	Expenditure cut-off	Significant	Yes	Yes	No
4	Valuation of land and buildings	Significant	No	Yes	No
5	Valuation of net pension asset/liability	Significant	No	Yes	No



# Risk 2

## Fraud in revenue recognition

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	C	E	A	V	P	2020/21	2019/20
Specific revenue grants		✓	✓			£57.2 million	£57.5 million

### Risk description

- ▶ Auditing standards note that there is a presumed significant risk resulting from the intentional misstatement of revenue
- ▶ The amounts reported in relation to revenue represent information of significant interest to many users of the financial statements. This puts revenue at a greater risk of manipulation, bias and misstatement.
- ▶ For Uttlesford District Council, we consider the risk of fraudulent revenue recognition (primarily through manipulation of financial reporting) to be in respect of the existence and accuracy of revenue grants subject to specific performance conditions.

### Key to audit assertions

C - Completeness                      A - Accuracy                                      P - Presentation  
 E - Existence                              V - Valuation

### Work performed and results

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

- Significant risk
- Elevated risk
- Moderate risk
- Fraud risk
- Significant management estimates & judgements





# Risk 3

## Expenditure cut-off

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	C	E	A	V	P	2020/21	2019/20
Expenditure around year end	✓					All expenditure around year end	All expenditure around year end

### Risk description

- ▶ For net-spending bodies in the public sector there is also risk of fraud related to expenditure. For Uttlesford District Council, we consider the risk of fraud to be in respect of the cut-off of expenditure at year-end.

### Work performed and results

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Key to audit assertions

C - Completeness

A - Accuracy

P - Presentation

E - Existence

V - Valuation

- Significant risk
- Elevated risk
- Moderate risk
- Fraud risk
- Significant management estimates & judgements





# Risk 5

## Valuation of net pension asset/liability

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	C	E	A	V	P	2020/21	2019/20
<b>Net pension liability/asset (before application of asset ceiling)</b>				✓		£37 million	£32 million

### Risk description

- ▶ There are risks around both the gross pension asset and the gross pension obligation, which together determine the net defined benefit pension asset/liability recognised in Uttlesford District Council's balance sheet.
  - ▶ The gross pension asset comprises a variety of investments, including those which we consider to be 'harder to value' because there are no observable inputs (such as an active market for the investment). This increases the estimation uncertainty associated with the value of these investments, which include property, private equity and other managed funds.
  - ▶ The valuation of the pension liability is a complex calculation involving significant judgements and assumptions. The actuarial estimate of the pension fund liability uses information on current, deferred and retired members and applies actuarial assumptions over pension increases, salary increases, mortality, commutation take up and discount rates to calculate the net present value of the liability.
- ▶ There is a risk that the membership data and cash flows provided to the actuary at year end may not be accurate, and that the actuary uses inappropriate assumptions to value the liability. Relatively small adjustments to assumptions used can have a material impact on the Uttlesford District Council's share of the scheme net/asset liability.

### Work performed and results

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Key to audit assertions

C - Completeness	A - Accuracy	P - Presentation
E - Existence	V - Valuation	

- Significant risk
- Elevated risk
- Moderate risk
- Fraud risk
- Significant management estimates & judgements





# Matters requiring additional consideration

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## Laws and regulations, including fraud

LARRIG 04 '*Auditor reporting requirements under ISA(UK) 250A (Consideration of Laws and Regulations in an Audit of Financial Statements) and reporting in the public interest*' confirms that irrespective of backstop arrangements, if as part of the audit, the auditor identifies actual or suspected non-compliance with laws and regulations, the auditor is required by the ISAs (UK) to investigate and report on these matters.

Our ability to identify non-compliance with laws and regulation that may have a material effect on the financial statements is based on procedures performed during the course of the audit, which have been curtailed as a consequence of backstop arrangements. Therefore, the backstop date has created time constraints that have impeded us from performing procedures which may identify such non-compliance.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

## Significant matters in connection with related parties

We are required to report to you significant matters arising during the audit in connection with Uttlesford District Council's related parties. The backstop date has created time constraints that have impeded us from performing procedures which may identify such matters.

We did not identify any significant matters in connection with Uttlesford District Council's related parties

## Financial reporting

We are required to communicate to you our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The backstop date has created time constraints that have impeded us from considering significant qualitative aspects of Uttlesford District Council's accounting practices. We therefore have no views to communicate to you in this regard.

## Significant deficiencies in internal control

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. The backstop date has created time constraints that have impeded us from performing procedures which may identify such deficiencies. In any event, as the purpose of the audit is for us to express an opinion on Uttlesford District Council's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

We did not identify any significant deficiencies in internal controls, based on the limited procedures we have completed.

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## Matter

We are required to report if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

## Comment

We have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 because the backstop date has created time constraints that have impeded us from completing all necessary procedures in response to this reporting requirement.

We have nothing to report in respect of the other matters.



# Use of resources

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## Requirements of the 2024 Code of Audit Practice and Auditor Guidance Note 3 (AGN 03) Auditors' Work on Value for Money (VFM) Arrangements

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money arrangements) and report to you any identified significant weaknesses.

Following the Code of Audit Practice 2024 coming into force on 1 April 2024, this is based on the following two reporting criteria for incomplete audits for 2020/21, 2021/22 and 2022/23:

- ▶ **Financial sustainability** - How Uttlesford District Council plans and manages its resources to ensure it can continue to deliver its services, and
- ▶ **Governance** - How Uttlesford District Council ensures that it makes informed decisions and properly manages its risks.

The key output from our audit work in respect of VFM arrangements is a commentary as reported in the Auditor's Annual Report, not a VFM arrangements 'conclusion' or 'opinion'. The Code of Audit Practice 2024 enables auditors to issue a combined commentary as part of a single auditor's annual report for incomplete audits up to and including 2022/23.

Where we are aware of significant weaknesses at the time of issuing our audit report on the financial statements, the nature of the significant weakness and the associated recommendation are required to be referred to by exception in our report on the financial statements.





# VFM risk

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## Risk description

### 1. Follow-up of matters raised in 2019/20

We proposed to issue a qualified (except for) value for money conclusion for 2019/20. This is due to the following significant matters that we identified in the Authorities arrangements for securing economy, efficiency and effectiveness in its use of resources having regard to the specified criteria in the Code.

#### Informed decision making

- We found that the arrangements to confirm that Members have adequately disclosed conflicts of interest were not operating effectively. This led to breaches of the Council's Code of Conduct for Members.
- The financial reporting arrangements were inadequate. The draft accounts for 2019/20 included a material error, as a Money Market Fund (MMF) was reported as investments when it should have been classified as a cash equivalent.

#### Work performed

We carried out the following planned procedures:

- Discussion of risk with KAP and any additional work required.
- Review of Internal Audit reports
- Review of Risk Registers
- Review of the Annual Governance Statement
- Review of financial information and relevant minutes.

## Results

Regarding the Members declaration matter, we are satisfied that the Authority has resolved it adequately and it will not impact subsequent years up to 2022/23.

However, we have identified a significant weakness in financial reporting arrangements due to the material misstatements of the MMF misclassification. This issue is significant and has resulted in material misstatements in the accounts for 2020/21 and 2021/22. If management does not adjust the accounts for these years, the issue will persist.

#### Discussion and conclusion

At this stage, from our work performed, we have identified a material misstatement in the accounts due to MMF misclassification. This represents a significant weakness in the Authority's Governance arrangements.



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## Opinion on financial statements

We anticipate issuing a disclaimer of opinion on the financial statements, for the reasons detailed in the 'Executive summary' section of this report.

## Use of resources

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office, we are satisfied that, in all significant respects, Uttlesford District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

## Other matters on which we are required to report by exception

We have no matters to report, other than we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, for the reasons detailed in the 'Special reporting powers and duties' section of this report.

# Independence and fees

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## Independence

We confirm that the firm, and the engagement team including other BDO network firms conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and the IESBA Code of Ethics and are independent of Uttlesford District Council.

Details of services, provided by us to Uttlesford District Council during the period and up to the date of this report are set out in the table below. We have not identified any threats to our independence arising from the provision of these services.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

## Fee summary

PSAA are responsible for agreeing fees for backstopped audits. At present the Council has reported estimated fees in the financial statements based on the published scale fee for the year. We will write to the Council after we have issued our audit reports with details of the costs incurred and proposed audit fees. Actual audit fees will be determined after agreement with PSAA.

	Fees (£)		Independence safeguards	Impact on independence
	Year ended March 2021	Year ended March 2020		
<b>Audit fees - scale fee</b>	£ 40 745	£ 40 745	None required	N/A
<b>Additional fees</b>	-	-	None required	N/A
<b>Total fees</b>	<b>£ 40 745</b>	<b>£ 40 745</b>		





# Partner rotation

## Independence

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These tables indicate the rotation periods normally permitted under Public Sector Audit Appointments' (PSAA) rules on rotation of key staff, as set out in the PSAA Terms of Appointment.

It is PSAA's policy that:

- engagement leads should act for an initial period of five years. PSAA may approve engagement leads for an additional period of up to no more than two years, if it is provided with assurance that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised together with details of any mitigations
- other than in exceptional circumstances, the audit manager at an audited body should be changed at least once every seven years. PSAA will approve the appointment of an audit manager for an additional period of up to three years, provided that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised
- it is not expected that an individual should act as an engagement quality control reviewer at an audited body for a period longer than seven years.

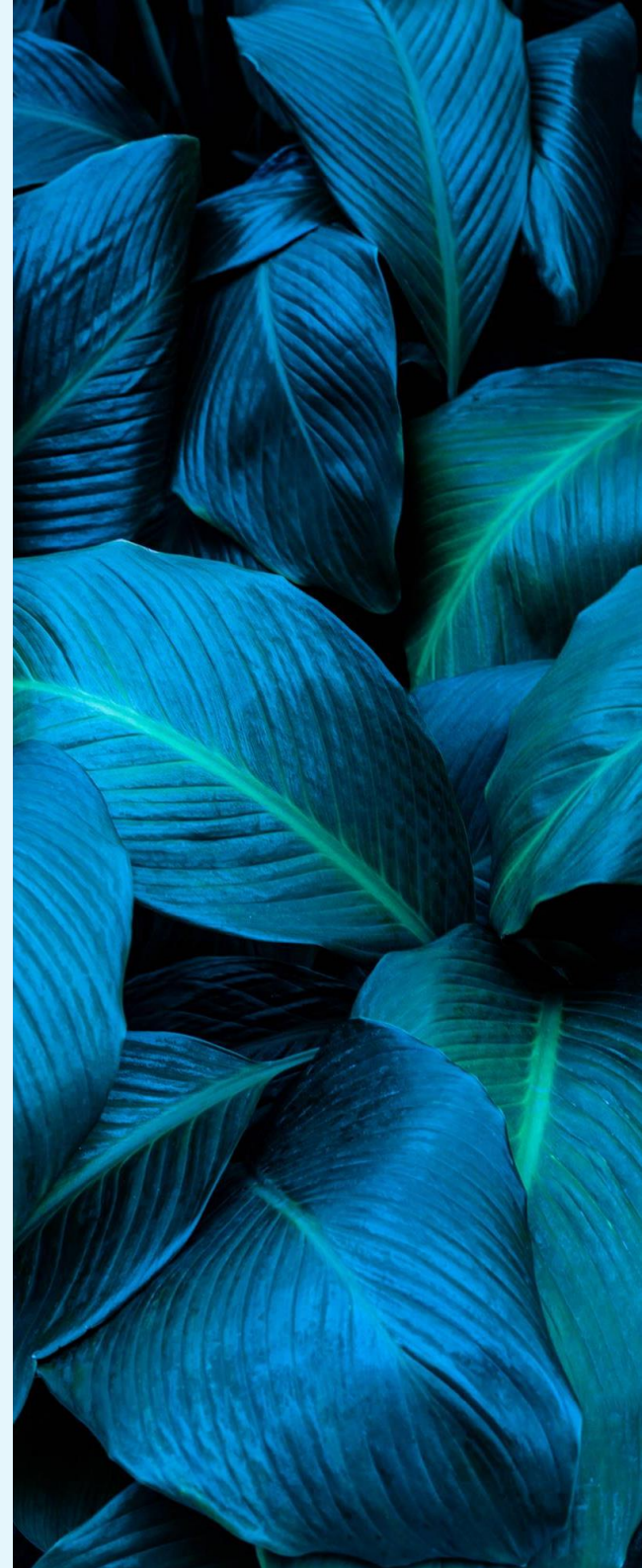
In order to safeguard audit quality, we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

### Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Ciaran McLaughlin Engagement Lead	2	5 years
Roopal Bakarania Audit Manager Manager	2	7 years
Siyanda Kota Assistant Manager	2	7 years

# Appendices content

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# Communication with you

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## Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance are to Uttlesford District as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with Strategic Financial Director.

## Communication

The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

## Auditor's Annual Report

We will provide a commentary on Uttlesford District Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from Uttlesford District Council. The Auditor's Annual Report is required to be published by Uttlesford District Council.

The Code of Audit Practice 2024 confirms that for incomplete audits up to and including 2022-23, the auditor may issue a combined commentary as part of a single Auditor's Annual Report. We have therefore decided to issue a combined commentary as part of a single Auditor's Annual Report for 2020/21.

Communication required	Date (to be) communicated	To whom	Communication method
Audit Planning Report	8 March 2021	Governance, Audit and Performance Committee now referred as Audit & Standards Committee	Audit Planning Report
Audit Planning Report	5 December 2024	Audit & Standards Committee	Combined Audit Planning Report and Audit Completion Report
Audit Completion Report	5 December 2024	Audit & Standards Committee	Combined Audit Planning Report and Audit Completion Report
Auditor's Annual Report	5 December 2024	Audit & Standards Committee	Auditor's Annual Report

# Outstanding matters

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We have substantially completed our audit work in respect of the financial statements for the period ended 31 March 2021.

The following matters are outstanding at the date of this report and could impact our audit opinion. We will update you on their current status at the General Purposes Committee meeting at which this report is considered:

- ▶ Agreement of accounts changes as a result of consistency checks







# Management representation letter

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BDO LLP  
55 Baker Street  
London  
W1U 7EU

Dear Sirs

## **Financial statements of Uttlesford District Council for the year ended 31 March 2021**

We confirm that the following representations given to you in connection with your audit of Uttlesford District Council's financial statements (the 'financial statements') for the year ended 31 March 2021 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of Uttlesford District Council.

The has fulfilled their responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of Uttlesford District Council as of 31 March 2021 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of Uttlesford District Council, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of Uttlesford District Council's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of Uttlesford District Council have been made available to you for the purpose of your audit and all the transactions undertaken by Uttlesford District Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all e.g. Council, management and other meetings have been made available to you.

### **Going concern**

We have made an assessment of Uttlesford District Council's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on Uttlesford District Council's ability to continue as a going concern.

### **Laws and regulations**

In relation to those laws and regulations which provide the legal framework within which Uttlesford District Council's business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which I am aware and all actual or contingent consequences arising from such instances of non-compliance.

### **Post balance sheet events**

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.



# Management representation letter 2

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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have made the results available to you. To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees that could have a material effect on the financial statements. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge, we are not aware of any allegations of fraud or suspected fraud that have been communicated by employees, former employees, analysts, regulators or any other party that could materially affect the financial statements.

## Misstatements

The backstop date has created time constraints that have impeded you from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). In summary, the audit has been limited to the development of an overall audit strategy. You have not been able to perform all planning and risk assessment procedures. As a result, you have not been able to perform execution procedures and therefore this consequent had an impact on your ability to identify potential misstatements.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

Other than as disclosed in note 15 to the financial statements, there were no loans, transactions or arrangements between any Group entity and Council members or their connected persons at any time in the year which were required to be disclosed.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements

## Accounting estimates

Significant assumptions made in relation to any accounting estimates used in the preparation of the financial statements:

- Assumptions of valuation of PPE
- Valuation of Investment Properties
- Valuation of Pension Liability
- Business Rates Appeals Provision
- Impairment allowance for doubtful debts
- Useful Economic Life & Depreciation charge
- Expenditure accruals based on management estimates



# Management representation letter 3

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For each significant assumption depending on the nature, materiality and extent of estimation uncertainty, consider including representations:

- About the appropriateness of the measurement processes, including related assumptions and models used by management in determining accounting estimates in the context of the applicable financial reporting framework, and the consistency in the application of the processes;
- That the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures;
- That disclosures relating to accounting estimates are complete and appropriate under the applicable financial reporting framework; and
- That no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements.

## Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

## Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member of Uttlesford District Council order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Adrian Webb

Strategic Directors of Finance, Commercialisation and Corporate Services (s151 Officer)

[date]

ClI'r Edward Oliver

Chair of the Audit & Standards Committee

[date]

# Uttlesford District Council's responsibilities

## Uttlesford District Council local authority's Responsibilities and Reporting

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### Financial reporting

Uttlesford District Council is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which Uttlesford District Council accounts for its stewardship and use of the public money at its disposal.

The form and content of Uttlesford District Council's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2024, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

### Use of resources

Local authorities are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, Uttlesford District Council is required to bring together commentary on its governance framework and how this has operated during the period in a Governance Statement.

In preparing its Governance Statement, Uttlesford District Council will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.





# Our responsibilities

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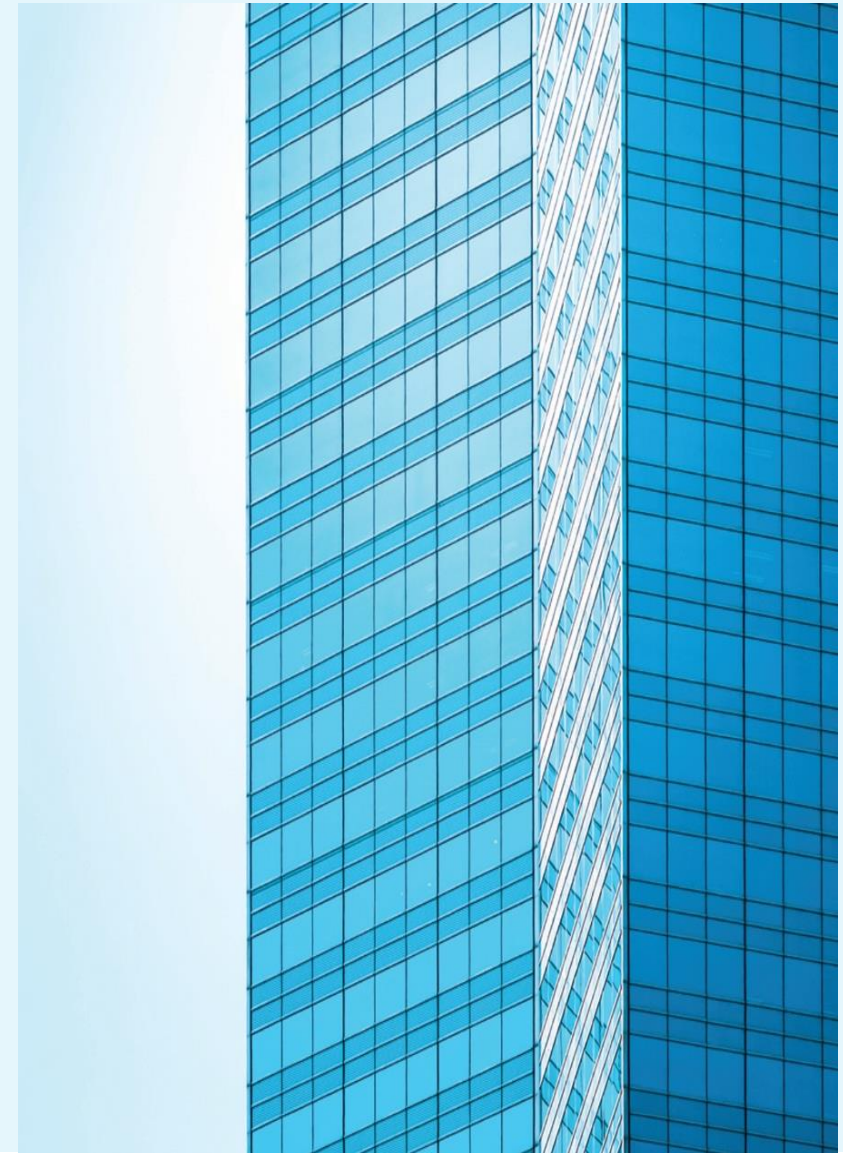
## Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of Uttlesford District Council.

We are required to satisfy ourselves that Uttlesford District Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This means that we have regard to relevant guidance issued by the National Audit Office and undertake sufficient work to be able to satisfy ourselves as to whether Uttlesford District Council has put arrangements in place that support the achievement of value for money and to provide an annual commentary on arrangements in the Auditor's Annual Report.

## What we don't report

Our audit is not designed to identify all matters that may be relevant to Uttlesford District Council and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist





**For more information:**

Ciaran McLaughlin, Key Audit Partner

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m: +44 (0) 7340 404154

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of Uttlesford District Council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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