



**Adur District Council
and
Worthing Borough Council
Update -
Audit Planning Report**

Year ended 31 March 2021

September 2021

15 September 2021



Adur District Council
c/o Worthing Town Hall
Chapel Road
Worthing
West Sussex
BN11 1HA

Worthing Borough Council
Worthing Town Hall
Chapel Road
Worthing
West Sussex
BN11 1HA

Dear Joint Governance Committee Members

Update - Audit Planning Report 2020/21

Please find attached an update to our Provisional Audit Planning Report which was previously issued dated 17 May 2021. This document has been prepared to address the changes in audit risks as a result of our completed planning procedures.

We have now completed our routine audit planning procedures and this update summarises the changes to our initial assessment of the key risks driving the development of an effective audit for the Councils, and outlines our planned audit strategy in response to those risks. We will update the Joint Governance Committee if our assessment changes further during the course of the audit.

This report is intended solely for the information and use of the Joint Governance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours sincerely

Helen Thompson

For and on behalf of Ernst & Young LLP



01 Audit Updates



Audit Updates

Audit risks and areas of focus

Risk / area of focus

Auditing accounting estimates

In addition to the risks and areas of focus reported in our Provisional Audit Planning Report in May 2021, a revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors now consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we may see the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area. The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required.

Value for money conclusion

We reported in our Provisional Audit Planning Report that we had not commenced our detailed value for money planning against the new NAO Code requirements and that we would update the next Committee meeting on the outcome of our planning and our planned response to any identified risks of significant weaknesses in arrangements. We have now substantially completed our planning work and have noted the following:

- ▶ Our planning on value for money and the associated risk assessment focused on gathering sufficient evidence to enable us to document our evaluation of both Councils' arrangements, to enable us to draft a commentary under three reporting criteria.
- ▶ We have not identified any significant risks regarding both Councils' 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources.

Audit progress to date

The audits for both Councils are currently in progress and our aim is to report the results thereof to the Committee towards the end of November 2021.

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