

Annual Conference 2024

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10-11 July 2024
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Streamlining Accounts

Chair: Adrian Rowbotham, Chief Finance Officer, Sevenoaks District Council

Speakers:

Paul Dosset, Partner, Grant Thornton UK

Jonathan Flowers, Independent Chair of the Audit and Governance Committee, St Albans City and District Council

Sir Tony Redmond, Lead Commissioner, Woking Borough Council

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Streamlining Accounts

Society of District Council Treasurers



Welcome

Adrian Rowbotham

President of the Society of District Council Treasurers
Section 151 Officer at Sevenoaks District Council



Introducing our Speakers

Jonathan Flowers – Independent Audit & Governance
Ctte Chair at St. Albans C&DC

Paul Dossett – Partner, Grant Thornton

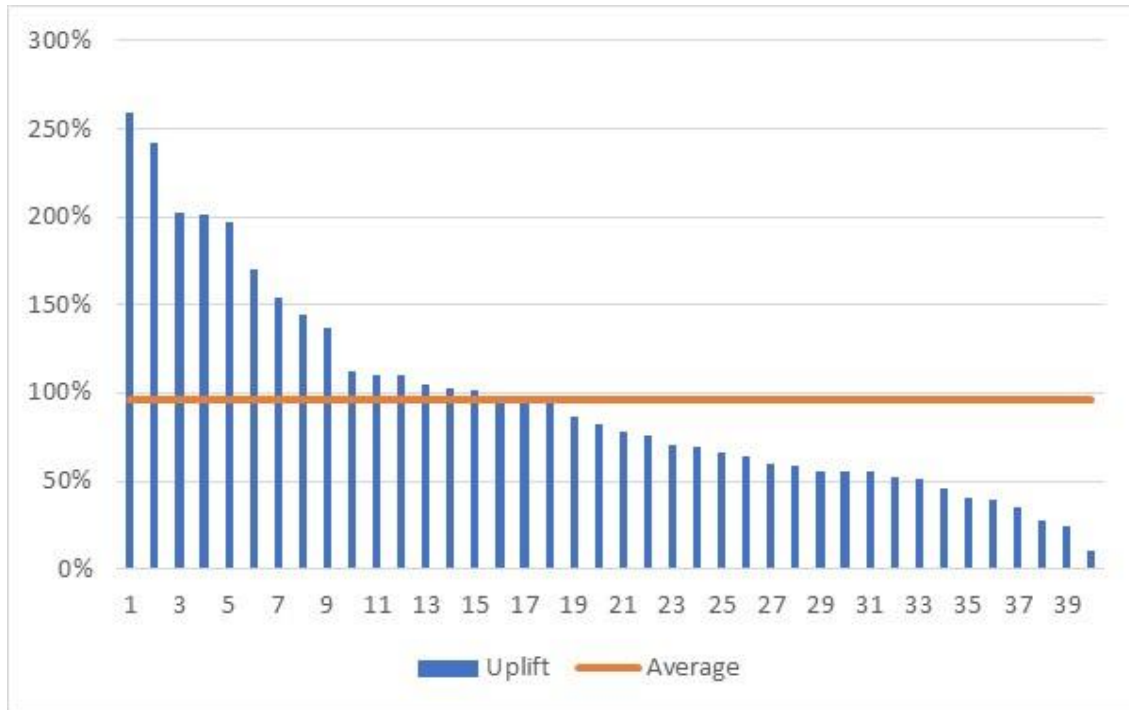
Sir Tony Redmond – Lead Commissioner at Woking
BC



Streamlining Accounts Survey

- **SDCT has surveyed members on cost and timeliness of external accounting and audit process**
- **Key findings:**
 - **External audit costs were nearly twice the agreed fee**
 - **Asset valuation and pensions accounting are key cost drivers**
 - **District council audits subject to delay, in common with local authority audits generally**
 - **Delay attributed primarily to lack of capacity amongst auditors**

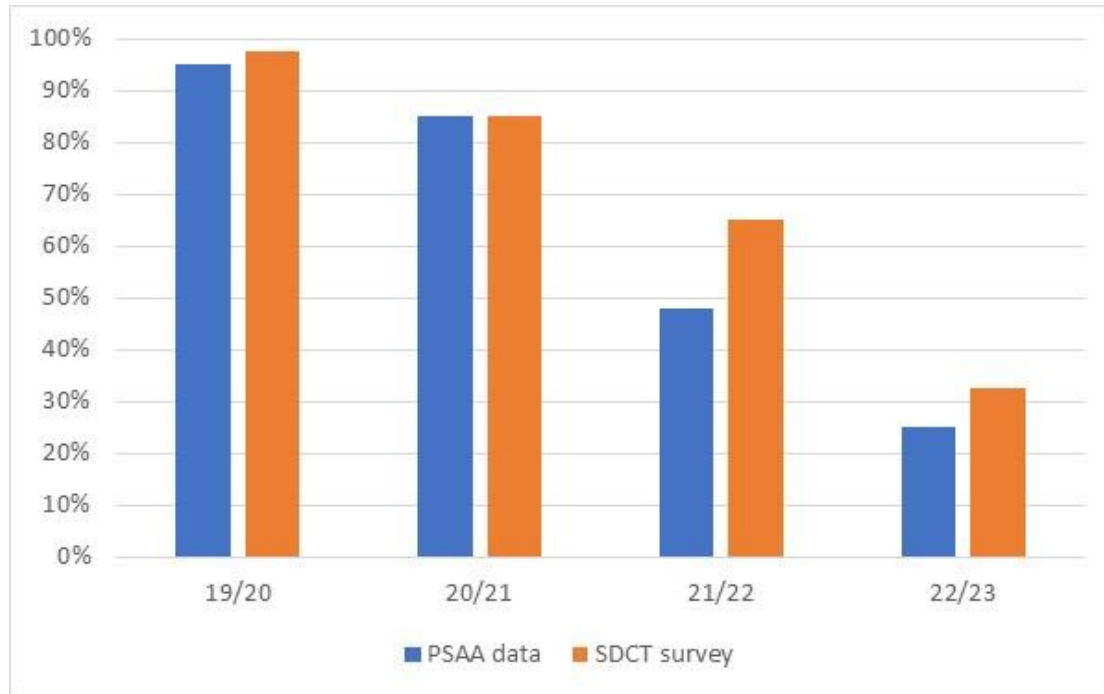
Audit costs



Percentage uplift on PSAA scale fee

- Average uplift on the original PSAA scale fee was 96%
- The uplift equates to £41,448 in cash terms, or 1% of net revenue expenditure

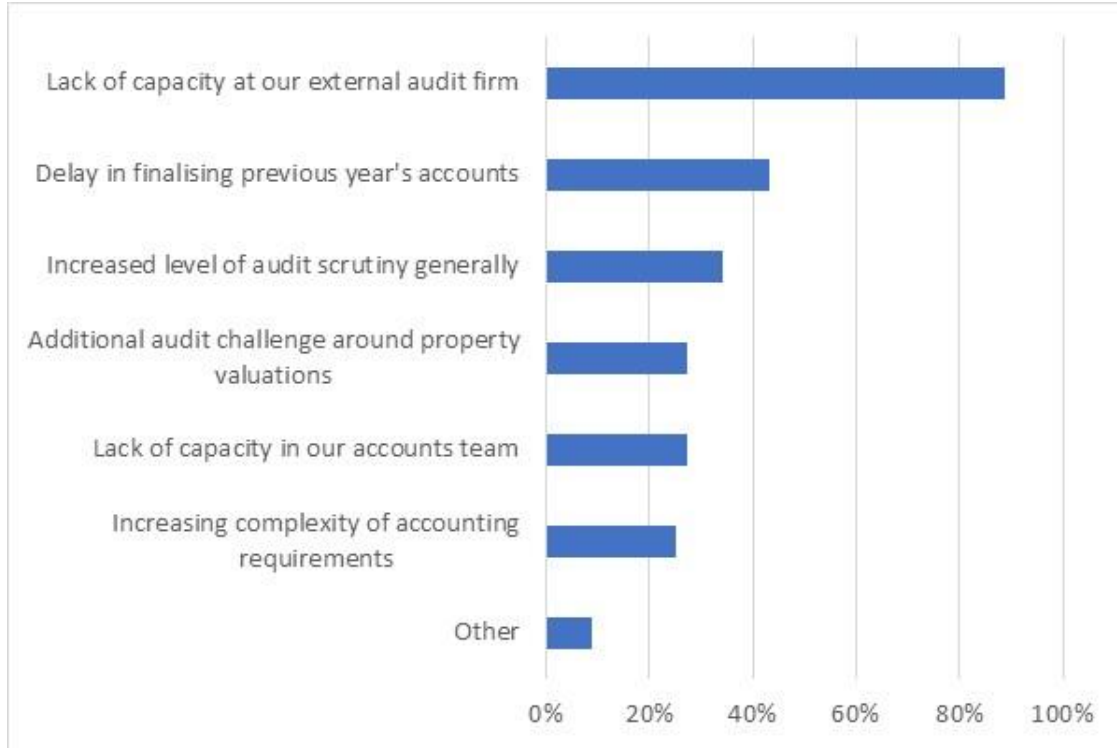
Audit delays



Percentage of completed audits by year

- Pattern of delays similar for survey respondents to that for local authorities generally
- Survey respondents slightly quicker at completing 21/22 and 22/23 audits

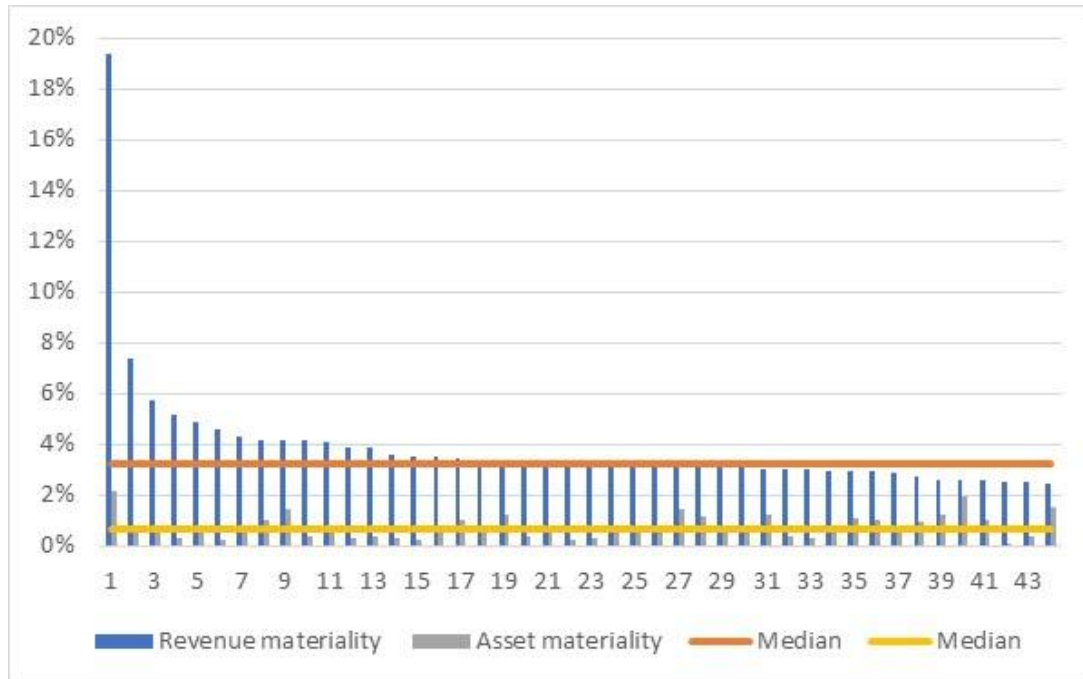
Reasons for delay



Reasons for audit delays

- Main reason said to be lack of capacity at external audit firm
- Knock-on effects from earlier years
- Lack of capacity in their own teams acknowledged by 27% of respondents

Focus of audit work - assets



Materiality as a % of revenue v materiality as a % of total assets

- Median materiality levels:
 - 3.2% of revenue
 - 0.7% of total assets
- This means auditors are likely to focus on assets and balance sheet
- Does this reflect user concerns about local authorities?

Focus of audit work – pensions

- 41% of respondents incurred additional costs arising from McCloud judgement
- Average additional cost £3,715
- Pensions accounting rules create additional complexity

Conclusions

- External audit cost nearly twice scale fee originally agreed
- District council audits subject to delay
- Delay attributed primarily to lack of capacity amongst auditors
- Auditors' approach to materiality leads to a focus on assets
- Pensions accounting is another major audit cost driver

Issues arising:

- *What is relevant for accounts users?*
- *Do the elements that drive cost deliver benefit to users?*
- *What alternative approaches would reduce the burden?*

Jonathan Flowers
Independent Audit & Governance Ctte Chair at
St.Albans City and District Council



Paul Dossett
Partner at Grant Thornton



Sir Tony Redmond
Lead Commissioner at Woking BC



Over to you...

- Your questions for the speakers.
- Your steer on the areas SDCT should be focusing on as we try to get the accounts streamlined.



Thank you for attending

Reminder:

SDCT Conference: 20-21 March 2025 at Warwick University

SDCT website:

www.cipfa.org/partners/society-of-district-council-treasurers

