

Audit Progress Report

Halton Borough Council
Year ending 31 March 2019

July 2019



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Introduction

Mark Heap

Engagement Lead

T 0161 234 6375

M 07880 456 204

E mark.r.heap@uk.gt.com

This paper provides the Business Efficiency Board with a report on progress in delivering our responsibilities as Halton Borough Council's 2018/19 external auditors.

Members of the Business Efficiency Board can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

Helen Stevenson

Engagement Manager

T 0161 234 6354

M 07880 456 209

E helen.l.stevenson@uk.gt.com

Progress at July 2019

Financial Statements Audit

Our audit is in progress. We have concluded our work in several areas, but there are other areas with outstanding queries that we are currently progressing. There are in particular two issues which are requiring further detailed audit work.

The Bridge – accounting arrangements

We issued our detailed Audit Plan and shared this with the Business Efficiency Board in January 2019. This set out our proposed approach to the audit of the Council's 2018/19 financial statements. One of the areas of focus on the audit is those significant figures in the financial statements that are subject to estimation uncertainty. As the 2018/19 audit has progressed we identified specifically the valuation of the Mersey Gateway Bridge as an area subject to significant estimation in 2018/19. We are continuing to work with officers to review the accounting arrangements with respect to the Bridge and its valuation. However, we will be unable to issue our audit opinion by 31 July 2019 as work is ongoing in this respect.

Pensions legal issues

A legal ruling on age discrimination within Pension Schemes (specifically the Firefighters new 2015 transitional schemes) has implications for other public service schemes where they have implemented transitional arrangements on changing benefits. The impact of this has meant that there is a 'present legal obligation due' and employer bodies (ie the Council) are expected to:

- recognise the assessed impact as an IAS19 past service cost (and current service cost for any in year impact) and an increase to the IAS19 gross pension liability
- make additional disclosures within the pensions note including the past service cost and increase to the gross pension liability resulting from the legal judgement.

The Council contacted their actuary (Hymans Robertson) in early July 2019 and have been provided with updated Local Government pensions calculations. We are currently completing work to examine the revised calculations and disclosures within the amended financial statements. This is a national issue which only crystallised in June 2019 when a further appeal court hearing was rejected.

Delay in opinion

The Council's responsibility under the Accounts and Audit Regulations 2015 is to publish an explanation of why the audited accounts are not available by 31 July 2019. The Regulations do not require the audit to be completed by this date. The Council intend to publish an explanation of the delay on the website and will not be in breach of its requirements under the Audit and Accountability Act 2014.

We have agreed with the Council that we will work towards the finalisation of our work as soon as possible. We will update the committee at the next scheduled Business Efficiency Board meeting on 25 September 2019.



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