

9 December 2021

Southend-on-Sea Borough Council  
Civil Centre  
Victoria Avenue  
Southend-on-Sea  
SS2 6ER

Dear Audit Committee Members

We are writing to you to provide a further update on the 2020/2021 audit of the Southend-on-Sea Borough Council Statement of Accounts, including the work on arrangements to secure value for money. Our audit is in progress and we are not yet in a position to report more substantively to you at this time.

Nationally, Public Sector Audit Appointments have reported that only 9% of local authorities were able to meet their publication deadline and represents a significant decline from 2020, where 45% were able to publish audited accounts within the required timelines (<https://www.psa.co.uk/2021/10/news-release-2020-21-audited-accounts-psaa/>).

The factors which have had a local impact include:

- o Changes to the core audit team including Aron Kleiman, the Senior Manager on the audit who has recently left Deloitte.
- o Increased scope of work as a result of the escalation of Covid-19 grant income to significant risk level due to the judgement and complexity surrounding the accounting treatment of these grants (consistent with our approach on some other local government clients within our audit portfolio).
- o Increased audit procedures around judgements and estimates applied on a number of balances including provisions and PPE valuation as a result of the Covid-19 pandemic.
- o Increased audit procedures due to the requirements of ISA 540 'Auditing Accounting Estimates and Related Disclosures'
- o Delay in the receipt of the pension assurance letter from the auditors of the Essex Pension Fund. This letter has since been received by Deloitte in November 2021 and is currently under review by our team.
- o Issuance of the Annual Auditor's Report within 3 months of the date of signing of the Statement of Accounts by Deloitte.

We note that the Council had published audited accounts within the publication deadline during our tenure as external auditors for the 2018/19 and 2019/20 audits. For the current audit, the Council had provided the audit team with a draft of the 2020/21 Statement of Accounts prior to the unaudited accounts publication deadline and we concluded from the manager and partner reviews that this deliverable was at the expected level of quality. We are currently liaising with management on matters raised from our review and note that management have provided the audit team with responses and proposed amendments which are currently under our review.

We also note that management have consistently provided audit deliverables and responses to external audit queries in a timely matter. As it was not possible to complete the field work during the originally scheduled field visit, we are required to arrange a further visit which will be scheduled once appropriate resourcing arrangements have been put in place by the audit team. We are working with management to conclude on outstanding areas of testing and provided an outstanding list to management during w/c 6<sup>th</sup> December 2021 to facilitate this process.

We will provide a further update to the Council in due course. This process has been complicated by the number of local government audits in a similar position, which means that we are having to make difficult decisions around prioritisation of the resources available in order to continue to address the overall backlog. We have been having regular conversations with management throughout this process in order to keep them informed.

Yours faithfully



Paul Thomas  
For and on behalf of Deloitte LLP

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