

**South Oxfordshire District Council and
Vale of White Horse District Council**

Addendum to the Audit Results Report

Year ended 31 March 2019

January 2020

27 January 2020



Dear Joint Audit and Governance Committee Members

This addendum is a supplement to the Audit Results Report that was presented to the 14th October meeting of the Joint Audit and Governance Committee. This report summarises the adjustments and misstatements that have been highlighted by management and our audit work between then and the date of this committee.

Subject to the correction of any outstanding misstatements, we confirm that we expect to issue unqualified audit opinions on the financial statements of both South Oxfordshire District Council and Vale of White Horse District Council for the year ended 31 March 2019. We have no further matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Joint Audit and Governance Committee Members, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the upcoming meeting of the Joint Audit and Governance Committee.

Yours faithfully

Kevin Suter

Associate Partner

For and on behalf of Ernst & Young LLP

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Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

The summaries below highlight the differences identified since the draft Audit Results Report was reported to the 14 October 2019 Joint Audit and Governance Committee Members.

Summary of unadjusted differences

We identified the following unadjusted audit differences greater than our reporting thresholds during the course of the audit:

- South Oxfordshire and Vale of White Horse – Senior Officers’ remuneration: we have noted a number of differences between the total remuneration values and the accounting records which is believed to be due to the omission of holiday pay from the disclosures. Because senior officers’ remuneration is material in nature, we expect the Council to amend these figures prior to the Joint Governance Committee on 27 January 2019.
- South Oxfordshire and Vale of White Horse – Exit packages: we are yet to fully agree the exit packages disclosed in the financial statement to accounting records. As above, these are material by nature and need to be fully agreed. Again, we expect to have these figures agreed prior to the Joint Governance Committee on 27 January 2019.

Summary of adjusted differences

We highlight the following misstatements greater than £1,432,000 for South Oxfordshire and £1,365,000 for Vale of White Horse which have been corrected by management that were identified during the course of our audit:

- South Oxfordshire District Council’s investment vehicles of £19.154 million did not meet the definition of equity investments to enable classification as Fair Value through Other Comprehensive Income’ (FVOCI). This is the same at Vale of White Horse, where similar investments totalled £2.7 million. In both cases the instruments were classified at Fair Value through Other Comprehensive Income (FVOCI), however, this classification was not in line with the new standard because the instruments were found to be ‘puttable’ (and not equity). IFRS 9 requires that puttable instruments are valued through Fair Value through Profit and Loss’ (FVPL). This error is predominantly a reclassification within the Financial Instruments note but there is a small impact on the Comprehensive Income and Expenditure Statement (CIES) which is reversed out through reserve movements. The exact value is to be confirmed upon issue of the adjusted financial statements.
- There are a number of disclosure errors in both sets of financial statements that have been highlighted since the October 14 Joint Governance Committee and these have yet to be agreed to a final set of financial statements. We will continue to work through these and provide a verbal update to the Committee on 27th January 2020 as to the status of these misstatements. Our expectation would be that all will be corrected.



Audit Differences

Other reporting issues

We noted that for both councils a number of member declarations were not returned for 2018/19. We mitigated this to a reasonable extent by running checks against Companies House records for those members who failed to return their disclosures. The Council should aim to achieve a 100% return rate for related party declarations given the inherent risk and public interest in these disclosures.

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