

Bracknell Forest Council Audit results report

Year ended 31 March 2021

July 2023



Private and Confidential

July 2023

Bracknell Forest Council
Governance and Audit Committee
Time Square
Market Street
Bracknell
RG12 1JD

Dear Governance and Audit Committee Members

2020/21 Audit results report

We are pleased to attach our audit results report, summarising the status of our audit for the forthcoming meeting of the Governance and Audit Committee. Our audit is now complete. Since the draft report we presented in March 2022, in addition to resolving the delayed IAS 19 reporting from the pension scheme auditors, there have been two national issues which delayed the completion of the audit. These were the accounting for infrastructure assets and the impact of the 2021-22 triennial valuation of pension funds for earlier audits which were still open. We agreed with management that we would circulate this updated audit results report for members of the Governance and Audit Committee to confirm that all work relating to the 20/21 audit has been completed, including updated going concern disclosures and a review of subsequent events up to the audit reporting date.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

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

We welcome the opportunity to discuss the contents of this report at the Governance and Audit Committee meeting on 19 July 2023.

Yours faithfully

Andrew Brittain
Partner
For and on behalf of Ernst & Young LLP

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Governance and Audit Committee and management of Bracknell Forest Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance and Audit Committee, and management of Bracknell Forest Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance and Audit Committee and management of Bracknell Forest Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary



Executive Summary

Scope update

In our audit planning report tabled at the 26 January 2022 Governance and Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan and there have been no changes to the audit scope.

Status of the audit

We have substantially completed our audit of Bracknell Forest Council. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Receipt and review of the signed management representation letter
- ▶ Completion of subsequent events review up to date of audit report
- ▶ Completion of Whole of Government Accounts procedures

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion, a current draft of which is included in Section 03.



Executive Summary

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- **Financial sustainability**
How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- **Governance**
How the Authority ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness**
How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

Status of the audit - Value for Money

In our Audit Plan and subsequent update to the Audit Committee, we reported that we had substantially completed our value for money (VFM) risk assessment and had not at that stage identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code.

We have since completed our VFM risks assessment and have not identified any risk of significant weakness. As a result, we have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03). We plan to issue the VFM commentary as part of issuing the Auditor's Annual Report. We plan to issue the VFM commentary by the as part of issuing the Auditor's Annual Report.



Executive Summary

Audit differences

There is one unadjusted difference we have identified which relates to the valuation of property, plant and equipment. An incorrect land area was used to value the Hanworth (Pines) Community Centre which has led to the asset value being overstated by £1.991m. Management has chosen not to correct this misstatement.

There are two unadjusted differences identified by the auditors of the Royal County of Berkshire Pension Fund which relates to the valuation of net pension liability. These pertain to the Goodwin case not being reflected in the liability value and a difference noted between the actual and actuarial total forecasted contributions made by Bracknell Forest Council to the pension fund. These have led to an understatement by £1.267m and £0.776m respectively.

There are two identified misstatements above the threshold that has been adjusted by management. These relate to the Net Pension Liability and Earmarked Reserves. The first adjustment relates to the Authority's receipt of an updated IAS19 report after the production of the draft financial statements, which resulted in changes being required to the Authority's own net pension liability within the accounts. The second adjustment relates to the Dedicated School Grant where, upon discussion with the Department for Education, it was decided that individual school balances should remain as a separate earmarked reserve.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance and Audit Committee.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We will make the final submission to the NAO upon completion of the audit.

We have no other matters to report.



Executive Summary

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Bracknell Forest Council's. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" Section 02 of this report. We have identified no new audit risks since our Audit Plan.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no residual further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance and Audit Committee or Management.

Control observations

During the audit, we identified no significant control deficiencies to bring to the attention of the Governance and Audit Committee.

Independence

Please refer to Section 09 for our update on Independence.



02

Areas of Audit Focus



Areas of Audit Focus

Fraud risk

**Misstatements due to fraud or error
(management override)**

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What did we do and what judgements are we focused on?

We have:

- ▶ asked management about risks of fraud and the controls to address those risks;
- ▶ Ensured we understood the oversight given by those charged with governance of management's processes over fraud; and
- ▶ considered the effectiveness of management's controls designed to address the risk of fraud.

We also performed mandatory procedures regardless of specifically identified fraud risks, including:

- ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ assessing accounting estimates for evidence of management bias; and
- ▶ evaluating the business rationale for significant unusual transactions.

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale.

What are our conclusions

Based on the work completed to date we have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied or management bias.

We have not identified any transactions during our audit which appeared unusual or outside the Council's normal course of business.



Areas of Audit Focus

Fraud risk

Inappropriate capitalisation of revenue expenditure

(Risk of fraud in revenue and expenditure recognition)

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed that one area the risk is most likely to occur is through the inappropriate capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax. This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

What did we do and what judgements are we focused on?

We have:

- ▶ reviewed and tested revenue and expenditure recognition policies;
- ▶ tested PPE additions using lowered testing thresholds, to ensure they are appropriately supported by documentary evidence, and that the expenditure incurred and capitalised is clearly capital in nature;
- ▶ Sought to identify and understand the basis for any significant journals transferring expenditure from non-capital codes to PPE additions or from revenue to capital codes on the general ledger at the end of the year; and
- ▶ Tested REFCUS to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources.

What are our conclusions

We have completed our planned procedures with regard to this fraud risk and we have not identified any instances of inappropriate capitalisation of revenue expenditure.



Areas of Audit Focus

Fraud risk

Inappropriate recognition of income from rental properties

(Risk of fraud in revenue and expenditure recognition)

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed that one area the risk is most likely to occur is through the inappropriate recognition of income from rental properties, as this is a non-standard income stream for Local Government bodies. There is an incentive to overstate revenue from rental properties to improve the general fund position.

What did we do and what judgements are we focused on?

We have:

- ▶ Tested revenue from rental properties using lowered testing thresholds, to ensure they are appropriately supported by documentary evidence, and that the revenue recognised is appropriate;
- ▶ Tested cut-off of revenue from rental properties at to ensure income from rental agreements straddling the financial year end is recognised in the correct accounting period.

What are our conclusions

We have completed our planned procedures with regard to this fraud risk and we have not identified any instances of inappropriately recognised rental income.



Areas of Audit Focus

Significant risk

Valuation of Land and Buildings

What is the risk?

The Local Authority Accounting Code of Practice require the Council to make extensive disclosures within its financial statements regarding its land and buildings.

The value of Property, Plant and Equipment (PPE) and Investment Property represent significant balances in the Councils accounts at £565.0m and £118.4m respectively and are subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What did we do and what judgements are we focused on?

We have:

- ▶ considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ reviewed the internal challenge of WHE's valuations by the Council's surveyor;
- ▶ sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre) and challenged the key assumptions used by the valuers;
- ▶ considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for Investment Property.
- ▶ reviewed assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated;
- ▶ considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ tested to confirm that accounting entries have been correctly processed in the financial statements.

What are our conclusions

We have completed our planned procedures with regard to the significant risk relating to the valuation of property, plant and equipment. We have identified an audit difference where an incorrect land area was used to value the property which has led to the asset value being overstated by £1.991m. Management has chosen not to correct this misstatement.

No other material issues were noted.



Areas of Audit Focus

Significant risk

Pension Liability Valuation

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Berkshire County Council Local Government Pension Scheme, administered by the Royal Borough of Windsor and Maidenhead Unitary Authority (RBWM).

At 31 March 2021 the pension fund deficit totalled £354.4m. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund Administrator.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 (revised) require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

In the prior year, unadjusted audit differences were identified and there is a risk that these could repeat in 2020/21.

Triennial Review:

On 31 March 2023, the triennial valuation report for the Royal County of Berkshire Pension Fund for the year ended 31 March 2022 was issued. There is a risk that the triennial valuation highlights that were present in years prior to 31 March 2022 and would result in the Pension Liability not being appropriately valued.

What did we do and what judgements are we focused on?

We have:

- ▶ liaised with the auditors of the Royal County of Berkshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Bracknell Forest Council.
- ▶ assessed the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- ▶ reviewed the updated IAS 19 report for 2021/22 based on the 2022 triennial valuation against the IAS 19 report based on the 2019 triennial valuation to determine if the conditions that resulted in the change in 21/22 values related to conditions that existed in years prior to 31 March 2022 and if the assumptions used in 20/21 were still reasonable.

What are our conclusions

Please refer to the next slide for our conclusion.



Areas of Audit Focus

Significant risk Pension Liability Valuation (continued)

What are our conclusions?

We have assessed the work of the pension actuary (Barnett Waddingham) including the assumptions used. We have relied on the work of PWC - Consulting Actuaries commissioned by the NAO for all Local Government sector auditors, in turn reviewed by the EY actuarial team. We did not find any issues in this area. We have also assessed the impact of the 2022 Triennial review on the 2020/21 financial statements, with the aid of the EY actuarial team, and did not find any issues. The accounting entries and disclosures within the Authority's financial statements had been carried out correctly based on the information the Authority received from the actuary.

We have liaised with the auditors (Deloitte) of Royal County of Berkshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Authority. The response to our request was provided on 28 April 2023.

Issues that have been identified by Deloitte in relation to their audit of the Royal County of Berkshire Pension Fund that members should be aware of are;

- ▶ Based on the evidence obtained from a walk-through of the key controls identified over maintaining member records; updating member records for employer monthly/annual data returns and changes identified by members, it was noted that there is no record of any formal checks performed over the data extracted from the administrative systems by a senior team member. As a result, Deloitte did not consider the controls to be designed and implemented satisfactorily and recommendations have been made to management in respect of those controls. We have considered the impact on the Council's accounts and we have concluded that this has no material effect on them.
- ▶ No adjustments have been made to reflect the outcome of the Goodwin legal ruling. Again, we have involved our EY pensions specialists to assess the impact, and concluded an estimated understatement of pensions liability of £1.267m. We have reported this as an uncorrected audit difference in this report. No audit differences are identified in relation to the McCloud legal ruling.
- ▶ For the Council there was a reconciliation of the total number of active, deferred, pensioner and dependents members submitted to the actuary to the IAS19 Report produced by the Actuary. Differences of 1,380 were noted in relation to active members, 373 were noted in relation to deferred members (including "undecided" members), and 1,805 were noted in relation to pensioner and dependant members. The tests did not provide assurance on completeness and accuracy of individual employer membership data submitted to the actuary. Therefore we involved our EY pensions specialists to review this area in order to conclude there was not the potential for a material misstatement in the LGPS liabilities. The outcome of this work indicated that there is no material impact on the valuation of the pension net liability for Bracknell Forest Council.
- ▶ In order to gain assurance over the completeness and accuracy of information in the IAS 19 template, Deloitte has compared the total contributions in the template of £138.2m to the total contributions receivable per the Fund's Agresso accounting records of £136.6m. A difference of £1.6m was therefore noted between accounting records and actuarial total reported contributions receivable for the Fund as a whole. The difference is a result of incomplete cash flow information being provided to the actuary. This has resulted in an understatement of the liability amounting £0.776m for Bracknell Forest Council.
- ▶ It was identified that there was a significant risk over the valuation of the longevity swap. Deloitte has tested the design and implementation of controls over the valuation of this investment at the Fund. Deloitte has also performed an assessment of the external expert who provides the client with the valuation of the swap. During the audit the private equity funds were adjusted by £48,121,000 in the draft financial statements. We have reported this as a corrected audit adjustment in this document.

The judgemental differences identified in the second and fourth bullet points above have not been amended by the Authority. These are reported in page 25 of this report.



Areas of audit focus

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be matters that we report on

What is the risk/area of focus?	What did we do?
<p><u>Accounting for Covid-19 related grant funding</u></p> <p>The Council has received a significant level of government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2020/21 statements.</p>	<p>We have:</p> <ul style="list-style-type: none"> ▶ considered the Council's judgement on material grants received in relation to whether it is acting as: <ul style="list-style-type: none"> ▪ An agent, where it has determined that it is acting as an intermediary; or ▪ Principal, where the Council has determined that it is acting on its own behalf. ▶ for grants received where the Council acted as principal, considered whether any associated restrictions and conditions have been met and that grants have been claimed and recognised in accordance with the scheme rules. ▶ verified that the Council has adequately disclosed grant income received in the year, under both principal and agent arrangements.
<p><u>Accounting for Public Finance Initiative (PFI)</u></p> <p>The Council has one waste PFI arrangement with the Waste Recycling Group RE3 Limited. This is a joint PFI contract entered into with Reading and Bracknell Forest Council for the disposal of waste.</p>	<p>We have:</p> <ul style="list-style-type: none"> ▶ reviewed the assumptions used in the Waste PFI accounting model; ▶ reviewed local adjustments, made by the Council, following any changes to the accounting model held by the host council, Reading Borough Council; ▶ reviewed the planned entries and disclosures for the Council's 2020/21 accounts.
<p><u>NDR Appeals Provision</u></p> <p>The provision for NDR appeals represents a material transaction in the Council's accounts and requires significant estimation. There is a higher level of uncertainty involved in the estimation of the non-domestic rates appeals provision due to Covid-19. Businesses have faced a significant level of change and uncertainty during 2020/21, which might drive a change in their rateable value appeals behaviour.</p>	<p>We have:</p> <ul style="list-style-type: none"> ▶ reviewed the Council's methodology for calculating the provision and the considerations for the uncertain environment as at the reporting date; ▶ assessed the work of the Council's specialist (Rates Plus Rating) including the adequacy of the scope of the work performed, their professional capabilities and managements' challenge and review of their work;



Areas of audit focus

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be matters that we report on

What is the risk/area of focus?	What did we do?
<p><u>Accounting for Infrastructure Assets</u></p> <p>Cipfa provided an update to the Code and specifications for future Codes for Infrastructure Assets in November 2022.</p> <p>Infrastructure non-current assets are carried in the Balance Sheet at depreciated historic cost. Once an item of property, plant and equipment has been recognised and capitalised, an authority may incur further costs on that asset at a later date. The Code requires that subsequent costs should be capitalised only if they result in items with physical substance and meet the recognition principle set out in paragraph 4.1.2.18 of the Code. Where expenditure meets these criteria, it is added to the carrying amount of the relevant asset. Where the subsequent expenditure represents the replacement of a component, the old component must be written out of the Balance Sheet.</p> <p>The Department to Levelling Up, Housing and Communities (DLUHC) and CIPFA have worked on a sector wide approach to resolution of the reporting of infrastructure assets.</p> <p>Following a process of consultations with FRAB, local councils, ICAEW, and external audit firms, the resolution is in two streams:</p> <ul style="list-style-type: none"> - CIPFA have issued an adaptation to the Code of Practice on Local Authority Accounting to allow reporting on a net basis for infrastructure assets. - DLUHC have issued a Statutory Instrument (The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022) which allows for the infrastructure assets opening balance to be brought forward without amendment and determines the carrying amount to be derecognised in respect of replaced components to be nil. <p>For all open audits, auditors are required to assess if Councils have appropriately applied the 4.1.2.18 of the Code, or where this has not been the case, that they have correctly applied the adaptation and SI.</p>	<p>We have:</p> <ul style="list-style-type: none"> ▸ reviewed note 17 and noted that the Council writes out the gross book value and depreciation for replaced infrastructure assets; ▸ assessed the Council's methodology for calculating the value of the 'replaced asset' to be derecognised ▸ The Council calculates the relevant amount of derecognised components in accordance with the accounting practices identified in regulation 31 of the Code of Practice on local authority accounting (continue with the original code requirements and not apply the Statutory Instrument). ▸ We are satisfied that the procedures followed and the records maintained by Bracknell Forest Council for infrastructure assets are in line with the Code. ▸ We conclude that the current disclosures in the financial statements relating to infrastructure assets are appropriate.



03

Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST COUNCIL

Opinion

We have audited the financial statements of Bracknell Forest Council ('the Authority' OR 'the Council') and its subsidiary (the 'Group') for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 1 to 41 to the Council Financial Statements
- the related notes 1 to 2 to the Group Financial Statements,
- Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Bracknell Forest Council and the Group as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Executive Director: Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director: Resources with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.



Audit Report

Draft audit report

Our opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 20/21, other than the financial statements and our auditor's report thereon. The Executive Director: Resources is responsible for the other information contained within the Statement of Accounts 20/21.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Council
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014
- we are not satisfied that the Group and the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

Responsibility of the Executive Director: Resources

As explained more fully in the Statement of the Responsibilities set out on pages 19, the Executive Director: Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Executive Director: Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director: Resources is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.



Audit Report

Draft audit report

Our opinion on the financial statements

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:

- Local Government Act 1972,
- School Standards and Framework Act 1998,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Education Act 2002 and school Standards and Framework Act 1998 (England),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020 and 2021,
- Waste and Emissions Trading Act 2003 [,
- National Health Service Act 2006,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948,
- The Local Audit and Accountability Act 2014, and
- The Accounts and Audit Regulations 2015.

In addition, the Group and the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.



Audit Report

Draft audit report

Our opinion on the financial statements

We understood how Bracknell Forest Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of audit and risk management and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Group and the Council's committee minutes, through enquiry of employees to confirm Group and the Council policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Group and the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure, inappropriate recognition of rental income, and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Group and the Council's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of inappropriate recognition of rental income, we tested the council's rental income to ensure the recognition criteria was properly met, the income was genuine, and the income was recorded in the correct financial year.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in April 2021, as to whether the Bracknell Forest Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Bracknell Forest Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Bracknell Forest Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Audit Report

Draft audit report

Our opinion on the financial statements

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We are required under the Code of Audit Practice to complete a return on the Council's submission for Whole of Government Accounts. The NAO have issued the group instruction and we have submitted the assurance return, however, we cannot formally conclude the audit and issue an audit certificate until the NAO have confirmed that no further assurances are required from us to complete their work as group auditor. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2021. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report. Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Our opinion on the financial statements

Use of our report

This report is made solely to the members of Bracknell Forest Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Brittain (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading



04

Audit Differences



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.

Summary of adjusted differences

We highlight misstatements greater than £4.369m which have been corrected by management that were identified during the course of our audit.

There is one adjusted misstatement. The value of the Royal County of Berkshire Pension Fund’s assets were understated by £48.12m in the Pension Fund’s financial statements resulting in a misstatement of £5.732m in Bracknell Forest Council’s accounts. This has been corrected by management. The misstatement was brought to our attention by both management and Deloitte, as auditors of the Pension Fund.

There are no other adjusted misstatements.

Summary of unadjusted differences

We highlight misstatements greater than £291k which have not been corrected by management that were identified during the course of our audit.

There is one unadjusted misstatement. This relates to the valuation of property, plant and equipment (PPE). During the course of our testing we identified one asset (a community centre) which was valued using an incorrect land area due to error. The land area used was significantly larger than the actual land area which lead to an overstatement of the asset value by £1.991m. As a result the PPE and Revaluation Reserve balances are overstated by this amount. Management have chosen not to correct for this.

There are two unadjusted differences identified by the auditors of the Royal County of Berkshire Pension Fund which relates to the valuation of net pension liability. These pertain to the Goodwin case not being reflected in the liability value and a difference noted between the actual and actuarial total forecasted contributions made by Bracknell Forest Council to the pension fund. These have led to an understatement by £1.267m and £0.776m respectively.

There are no other unadjusted misstatements.



05

Value for Money



Value for money

The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

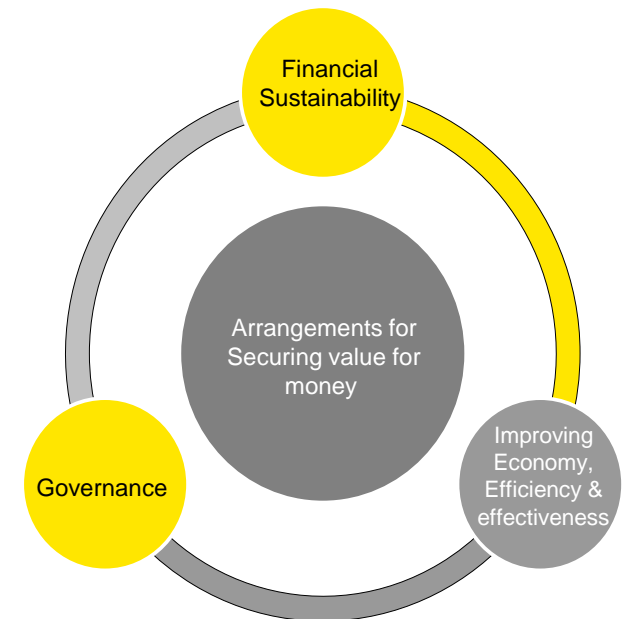
As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the CIPFA code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

In our Audit Plan and subsequent update to the Audit Committee, we reported that we had substantially completed our value for money (VFM) risk assessment and had not at that stage identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code. We have since completed our VFM risks assessment and have not identified any risk of significant weakness.

Status of our VFM work

We have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03). We plan to issue the VFM commentary as part of issuing the Auditor's Annual Report.





06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Narrative Report published with the audited financial statements:

- Financial information in the Narrative Report and published with the financial statements was consistent with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

- We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have no issues to raise and will complete the submission to the NAO upon completion of the audit.

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”).

We did not identify any issues which required us to issue a report in the public interest.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority’s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits

As at the date of this report we have nothing that we need to bring to the attention of the Governance and Audit Committee in respect of other matters.



07

Assessment of Control Environment



Assessment of Control Environment

Financial Controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed.

Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you any significant deficiencies in internal control, including group-wide or at components. As at the date of this report we have nothing that we need to bring to the attention of the Governance and Audit Committee.



08 Data Analytics



Use of Data Analytics in the Audit

Data analytics – revenue recognition, income and expenditure, payroll

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of the Authority's financial data. These analysers:

- ▶ Help to identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Make identifying errors more likely than traditional, random sampling techniques.

In 2020/21, our use of these analysers in the authority's audit included testing journal entries and employee costs, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



09

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 26 January 2022.

We complied with the APB Ethical Standards. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you and your Audit & Governance Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Governance and Audit Committee on 19 July 2023.

We confirm that we have undertaken non-audit work outside of the Statement of responsibilities of auditors and audited bodies as issued by the Public Sector Audit Appointments Ltd . We have applied the necessary safeguards in our completion of this work.

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

[EY UK 2022 Transparency Report | EY UK](#)

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

Description	Proposed Fee 2020/21 £	Planned Scale Fee 2020/21 £	Final Fee 2019/20 £
Audit Scale Fee - Code work	£80,639	£80,639	£80,639
Scale fee variation determined by PSAA	-	N/A	£40,523
Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 1)	£45,361	N/A	N/A
Revised Scale Fee	£126,000	N/A	£121,162
Scale Fee Variation - new VFM arrangements (Note 2)	£10,000	£10,000	N/A
Scale Fee Variation - revised ISA 540 (Note 2)	£5,000	£5,000	N/A
Scale Fee Variation due to one-off issues impacting the 2020/21 audit (see Note 3)	£26,149	N/A	N/A
Total Audit Fee	TBD	£95,639	£121,162
Non-Audit Fee - Housing Benefit Certification Work (Note 4)	£25,720	N/A	£19,146
Non-Audit Fee - Teacher's Pension Certification Work (Note 5)	£11,000	N/A	-



Fees

Note 1

We have previously discussed with the management and the Governance and Audit Committee that we do not believe the existing scale fees provide a clear link with a public sector organisation's risk and complexity and laid out the impact of regulatory changes which have caused that. We have quantified the implications of these factors on our assessment of the baseline fee to deliver a sustainable high-quality external audit. For 2020/21 the scale fee has been re-assessed to take these into account.

Note 2

In 2020/21, the new VFM arrangements and revised ISA 540 (estimates) result in a scale fee variation. PSAA have published guidance on these matters and advise for minimum additional fees, for a unitary authority. We have kept these proposed fees at the lower end of the ranges indicated in the guidance.

Note 3

For 2020/21 we have quantified the additional work we undertook in the completion of the 2020/21 audit. This includes the significant delays in receiving, including iterations thereof, of the Deloitte IAS 19 report and subsequent input required from EY Pensions specialists (£7k); the new significant risk in relation to rental income (£2k); the new area of other audit focus in relation to Covid-19 related grants (£6k); additional procedures required in relation to the national issue surrounding infrastructure assets (£5.5k); reconsidering the impact of the 2022 triennial valuation (£2.7k) and the elongated audit period and impact on volume of post balance sheet event work (£3k). We will discuss this with management and seek approval from PSAA in due course.

Note 4

From 2018/19 onwards the Housing Benefit subsidy audit work falls outside the PSAA regime and is subject to a separate fee proposal and engagement terms. This work is now complete and the fee for 2020/21 was a base fee of £19,530 plus fees for extended testing of £6,190.

Note 5

For 2020/21 we have been engaged by the Council to complete the Teacher's Pension Audit. This work has been completed and the agreed fee was £11,000.





10 Appendices

Appendix A

Required communications with the Governance and Audit Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

Our Reporting to you		
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Governance and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report presented at the 26 January 2022 Governance and Audit Committee meeting
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report presented at the 26 January 2022 Governance and Audit Committee meeting
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> ▶ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee ▶ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof ▶ The valuation methods used and any changes to these including first year audits ▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▶ The identification of any non-EY component teams used in the group audit ▶ The completeness of documentation and explanations received ▶ Any significant difficulties encountered in the course of the audit ▶ Any significant matters discussed with management ▶ Any other matters considered significant 	
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit results report presented at 19 July 2023 Governance and Audit Committee meeting
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity Any fraud that we have identified or information we have obtained that indicates that a fraud may exist Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected Any other matters related to fraud, relevant to Governance and Audit Committee responsibility. 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> Non-disclosure by management Inappropriate authorisation and approval of transactions Disagreement over disclosures Non-compliance with laws and regulations Difficulty in identifying the party that ultimately controls the entity 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> The principal threats Safeguards adopted and their effectiveness An overall assessment of threats and safeguards Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit planning report presented at the 26 January 2022 Governance and Audit Committee meeting</p> <p>AND</p> <p>Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
	<p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the company and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit results report presented at 19 July 2023 Governance and Audit Committee meeting
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting
Group Audits	<ul style="list-style-type: none"> An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	<p>Audit planning report presented at the 26 January 2022 Governance and Audit Committee meeting</p> <p>AND</p> <p>Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting</p>
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Audit results report presented at the 19 July 2023 Governance and Audit Committee meeting

Appendix B

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young
R+ Building
2 Blagrove St
Reading
RG1 1AZ

Dear Andrew

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of Bracknell Forest Council ("the Group and Council") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the Group and Council financial position of Bracknell Forest Council as of 31 March 2021 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our consolidated and Council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and Council financial statements. We believe the consolidated and Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) and are free of material misstatements, including omissions. We have approved the consolidated and Council financial statements.
3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.

Management representation letter

Management Rep Letter

4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) for the Group and the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and Council financial statements taken as a whole.
6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

Appendix B

Management representation letter

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- Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the consolidated and Council financial statements, including those related to the COVID-19 pandemic.
 3. We have made available to you all minutes of the meetings of the Group and Council, and committees Governance and Audit (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 21 June 2023.
 4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and Council financial statements.
 5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC

Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and Council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter, 22 September 2021, through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact on the Group and Council financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and Council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

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3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 36 to the consolidated and Council financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 1 to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst the Council, subsidiary undertakings and associated undertakings.

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered, including the impact resulting from the commitments made by the Group and Council, and reflected in the consolidated and Council financial statements.
2. The key assumptions used in preparing the consolidated and Council financial statements are, to the extent allowable under the requirements of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21(as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us (see section H).

Reserves

1. We have properly recorded or disclosed in the consolidated and Council financial statements the useable and unusable reserves.

Management representation letter

Management Rep Letter

Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment, investment property, pension liability, and NDR appeals provision and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Valuation of property, plant, and equipment (PPE), investment property (IP) and pension liability estimate

1. We confirm that the significant judgments made in making the estimates have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the estimates.
3. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the

United Kingdom 2020/21(as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

5. We confirm that appropriate specialized skills or expertise has been applied in making the estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

(Executive Director: Resources)

(Chairman of the Governance and Audit Committee)

Appendix C

Implementation of IFRS 16 Leases

In previous reports to the Governance and Audit Committee, we have highlighted the issue of new accounting standards and regulatory developments. IFRS 16 introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

IFRS 16 does not come into effect for authority until 1 April 2024. However, officers should be acting now to assess the authority's leasing positions and secure the required information to ensure the authority will be fully compliance with the 2024/25 Code. The following table summarises some key areas officers should be progressing.

IFRS 16 theme	Summary of key measures
Data collection	<p>Management should:</p> <ul style="list-style-type: none"> ▶ Put in place a robust process to identify all arrangements that convey the right to control the use of an identified asset for a period of time. The adequacy of this process should be discussed with auditors. ▶ Classify all such leases into low value; short-term; peppercorn; portfolio and individual leases ▶ Identify, collect, log and check all significant data points that affect lease accounting including: the term of the lease; reasonably certain judgements on extension or termination; dates of rent reviews; variable payments; grandfathered decisions; non-lease components; and discount rate to be applied.
Policy Choices	<p>The Authority needs to agree on certain policy choices. In particular:</p> <ul style="list-style-type: none"> ▶ Whether to adopt a portfolio approach ▶ What low value threshold to set and agree with auditors ▶ Which asset classes, if any, are management adopting the practical expedient in relation to non-lease components ▶ What is managements policy in relation to discount rates to be used?
Code adaptations for the public sector	Finance teams should understand the Code adaptations for the public sector. The Code contains general adaptations, (e.g. the definition of a lease); transitional interpretations (e.g. no restatement of prior periods) and adaptations that apply post transition (e.g. use of short-term lease exemption).
Transitional accounting arrangements	Finance teams should understand the accounting required on first implementation of IFRS 16. The main impact is on former operating leases where the authority is lessee. However, there can be implications for some finance leases where the authority is lessee; and potentially for sub-leases, where the authority is a lessor, that were operating leases under the old standard.
Ongoing accounting arrangements	Finance teams need to develop models to be able to properly account for initial recognition and subsequent measurement of right of use assets and associated liabilities. This is more complex than the previous standard due to more regular remeasurements and possible modifications after certain trigger events.
Remeasurements and modifications	Finance teams need to familiarise themselves with when the 'remeasurement' or 'modification' of a lease is required and what to do under each circumstance. A modification can lead to an additional lease being recognised. It is also important to know when remeasurements require a new discount rate is to be applied to the lease.

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