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To: Chair & Members of the Audit
Committee

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Friday 17th November 2023

Dear Councillor

AUDIT COMMITTEE

You are hereby summoned to attend a meeting of the Audit Committee of the Bolsover District Council to be held in the Council Chamber on Monday 27th November 2023 at 2pm.

Register of Members' Interests - Members are reminded that a Member must within 28 days of becoming aware of any changes to their Disclosable Pecuniary Interests provide written notification to the Authority's Monitoring Officer.

You will find the contents of the agenda itemised on page 3.

Yours faithfully



Solicitor to the Council & Monitoring Officer

Equalities Statement

Bolsover District Council is committed to equalities as an employer and when delivering the services it provides to all sections of the community.

The Council believes that no person should be treated unfairly and is committed to eliminating all forms of discrimination, advancing equality, and fostering good relations between all groups in society.

Access for All statement

You can request this document or information in another format such as large print or **language** or contact us by:

- **Phone:** [01246 242424](tel:01246242424)
- **Email:** enquiries@bolsover.gov.uk
- **BSL Video Call:** A three-way video call with us and a BSL interpreter. It is free to call Bolsover District Council with Sign Solutions, you just need WiFi or mobile data to make the video call, or call into one of our Contact Centres.
- Call with [Relay UK](#) - a free phone service provided by BT for anyone who has difficulty hearing or speaking. It's a way to have a real-time conversation with us by text.
- **Visiting** one of our [offices](#) at Clowne, Bolsover, Shirebrook and South Normanton

AUDIT COMMITTEE

AGENDA

**Monday 27th November 2023 at 2pm taking place in the Council Chamber,
The Arc, Clowne**

Item No.		Page No.(s)
1.	Apologies for Absence	
2.	Urgent Items of Business To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4(b) of the Local Government Act 1972.	
3.	Declarations of Interest Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of: a) any business on the agenda b) any urgent additional items to be considered c) any matters arising out of those items and if appropriate, withdraw from the meeting at the relevant time.	
4.	Minutes To consider the minutes of the last meeting held on 26 th September 2023	To Follow
	<u>REPORT OF THE COUNCIL'S EXTERNAL AUDITORS, MAZARS</u>	
5.	Report to those charged with Governance - Mazars Audit Completion Report	To Follow
	<u>REPORT OF THE DIRECTOR OF FINANCE AND SECTION 151 OFFICER</u>	
6.	Statement of Accounts 2022/23 <i>NB: The Appendix to the above report will be emailed to you separately to the agenda.</i>	4 - 6
7.	Assessment of Going Concern Status	7 - 13
8.	Strategic Risk Register and Partnership Arrangements	Verbal Update
9.	Audit Committee Work Programme 2023/24	14 - 16



Bolsover District Council

Meeting of the Audit Committee on 27th November 2023

Statement of Accounts 2022/23

Report of the Director of Finance and Section 151 Officer

Classification	This report is public
Contact Officer	Director of Finance and Resources Theresa Fletcher

PURPOSE/SUMMARY OF REPORT

The Committee is asked to approve the audited Statement of Accounts for 2022/23, circulated as **Appendix 1**.

REPORT DETAILS

1. Background

- 1.1 The outturn position for the Council has previously been reported to a meeting of the Finance and Corporate Overview Committee and the Council's Executive. The Mazars external audit team has been undertaking work on the Statement of Accounts remotely since July and the conclusions from this work so far are set out in the External Auditor's Report which is another item on this agenda.
- 1.2 **Appendix 1** to this report is the Council's Audited Statement of Accounts for 2022/23. There may be some changes still requested by the external auditor in completing the audit – which will be reported verbally at the Committee meeting. It is anticipated however, that there will be only limited changes between the version at appendix 1 and the final Statement of Accounts for 2022/23.
- 1.3 Given the possibility that issues raised may require the Statement of Accounts to be amended, it is recommended that delegated powers be given to the Chief Financial Officer in consultation with the Chair or Deputy Chair of this Committee to agree any final changes to the Council's Statement of Accounts 2022/23. It should be noted that the only changes made under these delegated powers will relate to amendments agreed with the Council's external auditors Mazars.

2. Reasons for Recommendation

- 2.1 The external audit process for 2022/23 has almost concluded and the accounts as amended are expected to be given an unqualified audit opinion. The outcome

of the audit so far is summarised in the external auditor's report to those charged with governance which appears elsewhere on the agenda.

3 Alternative Options and Reasons for Rejection

3.1 There are no alternative options for consideration.

RECOMMENDATION(S)

1. That the Committee approves the Statement of Accounts in respect of 2022/23.
2. That delegated powers are granted to the Chief Financial Officer in consultation with the Chair or Deputy Chair of this Committee to agree any changes agreed with the Council's external auditors Mazars, which may be necessary to ensure the completion of the Statement of Accounts by 30th November 2023.

Approved by Councillor Clive Moesby, Portfolio Holder for Resources

IMPLICATIONS.

Finance and Risk: Yes No

Details: There are no additional financial implications arising from this report.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details: The process has been undertaken in accordance with the requirements of the Accounts and Audit Regulations. It should be noted that the Council is required to complete and approve the audited Statement of Accounts by the end of July under normal circumstances, but the deadline has been extended to 30 November for the financial year 2022/23.

On behalf of the Solicitor to the Council

Environment:

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details:

Not applicable to this report.

Staffing: Yes No

Details: There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards, or which results in income or expenditure to the Council above the following thresholds:</p> <p>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	No

District Wards Significantly Affected	All
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	Details:

Links to Council Ambition: Customers, Economy, and Environment.

DOCUMENT INFORMATION	
Appendix No	Title
1	Bolsover District Council – Statement of Accounts 2022/23 (to be tabled)

<p>Background Papers <i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive, you must provide copies of the background papers).</i></p>
None

Bolsover District Council

Meeting of the Audit Committee on 27th November 2023

Assessment of Going Concern Status

Report of the Director of Finance and Section 151 Officer

Classification	This report is public
Contact Officer	Theresa Fletcher Director of Finance and Section 151 Officer

PURPOSE/SUMMARY OF REPORT

To inform the Committee of an assessment of the Council as a going concern for the purposes of producing the Statement of Accounts for 2022/23.

REPORT DETAILS

1. Background

- 1.1 The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.
- 1.2 Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.
- 1.3 Where the assessment determines the going concern status is not proven, particular care would be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or redundancies. An inability to apply the going concern concept would potentially have a fundamental impact on the financial statements.
- 1.4 As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA), accounts drawn

up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

- 1.5 Given the significant reduction in funding for local government in recent years and the potential threat this poses to the ongoing viability of councils as a consequence, external auditors continue to place a greater emphasis on local authorities undertaking an assessment of the going concern basis on which they prepare their financial statements.
- 1.6 Our current medium-term financial plan (MTFP) was revised in December 2022. It was based on assumptions that reflected what we knew about the economy at the time. We have since seen the continued increases to general cost of living and the much-publicised issuing of, or potential issuing of, Section 114 notices by some Local Authorities. We need to be confident that we understand and have taken into account any threats to our financial sustainability.
- 1.7 This report sets out the position for Bolsover District Council and provides justification for the 2022/23 financial statements being prepared on a going concern basis.

The Assessment

- 1.8 The provisions in the 2022/23 Code section 3.4 (Presentation of Financial Statements) on the going concern accounting requirements, reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for their financial statements to be prepared on anything other than a going concern basis.
- 1.9 The requirements to use the going concern basis of accounting mean that authorities do not apply paragraph 25 of IAS 1 Presentation of Financial Statements mandating management to make an assessment of the authority's ability to continue as a going concern. However, this reporting requirement is separate from the need for local authorities to report on the impact of financial pressures in the Narrative Report and, for example, other relevant liquidity reporting requirements such as those under the Code's adoption of IFRS 7 Financial Instruments: Disclosures.
- 1.10 The main factors which underpin this assessment are:
 - The Council's current financial position;
 - The Council's projected financial position;
 - The Council's balance sheet;
 - The Council's cash flow;
 - The Council's governance arrangements;
 - The regulatory and control environment applicable to the Council as a local authority.

Each of the above is considered in more detail below.

The Council's Current Financial Position – Revenue Resources

General Fund

- 1.11 As reported to Executive in September, the Council under spent on the General Fund revenue budget in 2022/23 by £1.946m. As at 31 March 2023, the Council held a General Fund Balance of £2.019m and held Earmarked Reserves totalling £21.680m. Excluding the collection fund deficit reserve created for accounting purposes after Covid, the Earmarked Reserves balance has increased by £3.170m during the year which is £1.946m higher than originally forecast, reflecting the favourable outturn and is in preparation for future expenditure. The adequacy of reserves and balances and the ongoing requirement for specified earmarked reserves, is reviewed on a regular basis.

Housing Revenue Account (HRA)

- 1.12 The financial performance in 2022/23 resulted in a net under spend of £0.181m after interest on the HRA revenue budget. As at 31 March 2023 the Council held an HRA Balance of £2.039m which was in line with the revised budget. Earmarked Reserves totalling £6.828m were held and the net reserve movement during 2022/23 was a decrease of £4.979m. The level of adequate reserves and balances and the ongoing requirement for specified earmarked reserves, is reviewed on an annual basis. The HRA has a 30-year Business Plan which is showing as affordable with the required estimated resources available to meet the plan. Following a Government consultation in response to the cost of living, the Government capped rents for social housing for 2023/24 at 7%. Some planned transfers to reserves had to be removed to accommodate this reduction in assumed income, the transfers will be increased in future years to make up for this.
- 1.13 The Section 151 Officer is satisfied that the Council's financial outturn for both General Fund and HRA, does not present any material uncertainties regarding the Council's ability to continue as a going concern.

The Council's Projected Financial Position – Revenue Resources

- 1.14 The financial projection for 2023/24 to 2026/27 was approved by Members in February 2023 in the MTFP. The Council set a balanced budget for 2023/24 with a small deficit of £0.018m to be met by a 2.99% increase in Council Tax.
- 1.15 To help mitigate losses caused by expected future changes in Government funding the NNDR Growth Protection Reserve was created a number of years ago. Extra income received from all sources of Government funding was transferred into the reserve if the budget for that year had already been in surplus when the extra funding was realised. The balance accumulated means we are able to use the reserve to even out the anticipated government funding losses over the last two years of the current MTFP.
- 1.16 A transfer from general fund to the reserve will be made in 2024/25 of £0.354m. Latest estimates for transfers back to general fund are £0.275m 2023/24; £2.829m in 2025/26 and £2.971m for 2026/27.

1.17 The Council's Section 151 Officer made a formal statement in February 2023 as part of the approval on the robustness of estimates and the adequacy of reserves, as contained within the MTFP. We have revisited the underlying assumptions and plan in the light of issues discussed in paragraph 1.6 and are satisfied at this stage that the financial plan remains intact. We will continue to review the performance against our 2023/24 budget and ensure our MTFP is updated as part of our 2023/24 budget preparations to reflect any significant changes. At this stage we are satisfied that the Council's forecast financial position does not present any material uncertainties regarding the Council's ability to continue as a going concern.

The Council's Balance Sheet as at 31 March 2023

1.18 The Council's net assets amounted to £234.123m and Usable Reserves totalled £49.226m. We are satisfied that there are no material liabilities or underlying issues regarding the strength of the Council's balance sheet which present any material uncertainties regarding the Council's ability to continue as a going concern.

The Council's Cash Flow

1.19 The Council maintains short and long-term cash flow projections and manages its cash, investments and borrowing in line with the Council approved Treasury Management Strategy. As at the 31 March 2023, the Council had long-term borrowing commitments of £86m, held £25m in short-term investments and had £7.2m in Cash and Cash Equivalents. The Council has adequate financial resources to meet its immediate financial obligations. We are satisfied that there are no significant issues regarding the strength of the Council's underlying cash flow which present any material uncertainties regarding the Council's ability to continue as a going concern.

The Council's Governance Arrangements

1.20 The Council has a well-established and robust corporate governance framework. This includes the statutory elements such as Head of Paid Service, the Monitoring Officer, and the Section 151 Officer in addition to the current political arrangements. An overview of this governance framework is provided within the Annual Governance Statement.

1.21 Whilst it is not possible to provide absolute assurance, the review process as outlined in the Annual Governance Statement does conclude that the existing arrangements remain fit for purpose and help provide reasonable assurance of their effectiveness. There are no plans for the Council to be reorganised or dissolved and we expect to operate under the current framework in the near future. We are satisfied that there are no significant issues regarding the Council's governance framework which present any material uncertainties regarding the Council's ability to continue as a going concern.

The External Regulatory and Control Environment

- 1.22 As a principal local authority the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement for a balanced budget each year combined with the legal requirement for the Council to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and central government control there are other factors such as the role undertaken by the external auditor as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.
- 1.23 The provisions in the Code on the going concern requirements reflect the economic and statutory environment in which local authorities operate. We are satisfied that there are no significant issues regarding the external regulatory and control environment which present any material uncertainties regarding the Council's ability to continue as a going concern.

Material Uncertainties

- 1.24 The Council is aware that there is a requirement to consider any material uncertainties which would impact on the Council's ability to continue as a going concern.
- 1.25 We are satisfied that there are no material uncertainties which, under the Code, represent significant issues regarding the Council's ability to continue as a going concern.

Dragonfly Development Limited

- 1.26 On 4th October 2022, Dragonfly Development Limited was converted from a joint venture with Woodhead Regeneration Ltd into a wholly owned company of Bolsover District Council. A full business case was independently commissioned to explore the future options for Dragonfly Development Limited, including income generation from housing, property, commercial and regeneration activities.
- 1.27 The business case produced, demonstrated that Dragonfly Development Limited can be a viable proposition that will provide the Council with a positive income stream. The implementation with the appropriate legal, governance and financial arrangements in place will enable the delivery of the full scope of services and will enable the levels of control required for the Council.
- 1.28 Whilst the legal, governance and financial arrangements are in the early stages of being embedded between the Council and Dragonfly, we are satisfied that there are no significant issues regarding the Council's wholly owned company which present any material uncertainties regarding the Council's ability to continue as a going concern.

2. Reasons for Recommendation

- 2.1 It is considered that having regard to the Council's arrangements and such factors as highlighted in this report that the Council remains a going concern and the Council's accounts for 2022/23 have appropriately been prepared on this basis. This report gives the assessment by the Council's Section 151 Officer in support of presenting the Accounts for approval and provides assurance to Mazars, the Council's external auditor.

3 Alternative Options and Reasons for Rejection

- 3.1 No alternative options are offered, the going concern status has been determined.

RECOMMENDATION(S)

That the Committee accepts the outcome of the assessment of the Council's going concern status for the purposes of preparing the Statement of Accounts for 2022/23.

Approved by Councillor Clive Moesby, Portfolio Holder for Resources

IMPLICATIONS:

Finance and Risk: Yes No

Details: There are no additional financial implications arising from this report.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details: There are no legal or data protection issues arising directly from this report.

On behalf of the Solicitor to the Council

Environment: Yes No

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details:

Not applicable to this report.

Staffing: Yes No

Details: There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards, or which results in income or expenditure to the Council above the following thresholds:</p> <p>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	<p>No</p>
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	<p>No</p>

<p>District Wards Significantly Affected</p>	<p>None</p>
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	<p>Details:</p>

<p>Links to Council Ambition: Customers, Economy, and Environment.</p>

DOCUMENT INFORMATION	
Appendix No	Title

<p>Background Papers</p>
<p><i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive, you must provide copies of the background papers).</i></p>
<p>None</p>

Audit Committee Work Programme 2023/24

Formal Items – Report Key

Treasury Management	Audit/Risk

Date of Meeting	Items for Agenda	✓	Lead Officer
27th June 2023	• Report of External Auditor - Audit Strategy Memorandum	✓	Mazars
	• Summary of Progress on the 2022/23 and 2023/24 Internal Audit Plan	✓	Head of Internal Audit Consortium
	• Internal Audit Consortium Annual Report	✓	Head of Internal Audit Consortium
	• Audit Committee Work Programme 2023/24	✓	S151 Officer
25th July 2023	• Report of Internal Audit – Summary of progress on the Internal Audit Plan 2023/24	Sep	Head of Internal Audit Consortium
	• Member Training 2023/24 – Member Discussion March 2024 meeting	Mar '24	Feedback from Committee Members on training requirements
	• Annual Governance Statement and Local Code of Corporate Governance Sept meeting	Sep	Director of Governance/Monitoring Officer
	• Audit Committee Work Programme 2023/24	Sep	Governance / S151 Officer
26th September 2023	• Report to those charged with Governance – Mazars Audit Completion report	Nov	Mazars
	• Audit Progress Report – Year ended 31/3/23	✓	Mazars
	• Strategic Risk Register and partnership arrangements	Nov	Chief Executive
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan 2023/24	✓	Head of Internal Audit Consortium

Date of Meeting	Items for Agenda	✓	Lead Officer
	• Implementation of Internal Audit Recommendations	✓	Head of Internal Audit Consortium
	• Review of the Internal Audit Charter	✓	Head of Internal Audit Consortium
	• Annual Governance Statement and Local Code of Corporate Governance	✓	Director of Governance/Monitoring Officer
	• BDC Statement of Accounts 2022/23	Nov	Section 151 Officer
	• Assessment of Going Concern Status	Nov	Section 151 Officer
	• Annual Report of Committee	✓	Section 151 Officer
	• Audit Committee Work Programme 2023/24	✓	Governance / Section 151 Officer
27th November 2023	• Report to those charged with Governance – Mazars Audit Completion Rpt		Mazars
	• BDC Statement of Accounts 2022/23		Section 151 Officer
	• Assessment of Going Concern Status		Section 151 Officer
	• Strategic Risk Register and partnership arrangements		Chief Executive
	• Audit Committee Work Programme 2023/24		Governance / Section 151 Officer
15			
24th January 2024	• Report of Internal Audit – Summary of progress on the Internal Audit Plan		Head of Internal Audit Consortium
	• Accounting Policies 2023/24		Section 151 Officer
	• Report of External Auditor – Auditor’s Annual Report 2022/23		Mazars
	• Report of External Auditor - External Audit Progress Report		Mazars
	• Audit Committee Work Programme 2023/24		S151 Officer

Date of Meeting	Items for Agenda	✓	Lead Officer
12 th March 2024	• Strategic Risk Register and partnership arrangements		Chief Executive
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan 2023/24		Head of Internal Audit Consortium
	• Implementation of Internal Audit Recommendations		Head of Internal Audit Consortium
	• Report of Internal Audit – Internal Audit Plan 2024/25		Head of Internal Audit Consortium
	• Audit Committee – Self-assessment for effectiveness		Section 151 Officer
	• Member Training 2023/24 – Member Discussion		Feedback from Committee Members on training requirements
	• Audit Committee Work Programme 2023/24		S151 Officer