

The Arc
High Street
Clowne
S43 4JY

To: Chair & Members of the Audit Committee

Tuesday 18th February 2026

Contact: Alison Bluff
Telephone: 01246 242528
Email: alison.bluff@bolsover.gov.uk

Dear Councillor

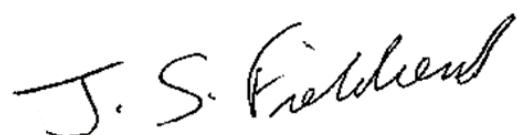
EXTRAORDINARY AUDIT COMMITTEE

You are hereby summoned to attend an extraordinary meeting of the Audit Committee of the Bolsover District Council to be held in the Council Chamber on Thursday 26th February 2026 at 10:00 hours.

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 Wi-Fi 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**

***Thursday 26th February 2026 at 10:00 hours taking place in the Council Chamber,
The Arc, Clowne***

Item No.		Page No.(s)
1.	Apologies For Absence	
2.	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 matters arising out of those items

and if appropriate, withdraw from the meeting at the relevant time.

**REPORTS OF THE COUNCIL'S EXTERNAL AUDITOR FORVIS
MAZARS**

3.	Auditors Annual Report 2024-2025 (Draft)	4 - 36
4.	Audit Completion Report - Year Ended 31st March 2025	37 - 81



Auditor's Annual Report (DRAFT) Bolsover District Council– year ended 31 March 2025

February 2026

Agenda Item 3

Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM arrangements
- 04** Other reporting responsibilities
- 05** Audit fees and other services

- A** Appendix A: Further information on our audit of the Council's financial statements

5

Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Bolsover District Council. It has been prepared for the sole use of Audit Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

01

Introduction

①

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Bolsover District Council ('the Council') for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued an audit report which included a qualified opinion. The was issued on XX February 2026.



Reporting to the group auditor

In line with group audit instructions issued by the NAO, we have undertaken work on the Council's Whole of Government Accounts (WGA) return in line with their instructions. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us. As a result we have not issued our audit certificate.



Value for Money arrangements

We did not identify any significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Council's arrangements including our consideration of the significant weakness raised in 23/24.

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2025 and of its financial performance for the year then ended. Our audit report, was issued before the backstop date of 27 February 2026, was a qualified opinion on the financial statements for the year ended 31 March 2025.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A.

In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

6

Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Council
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting

03

Our work on Value for Money arrangements

03

VFM arrangements

Overall Summary

:=



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance - How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 22.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	No
 Governance	14	No	See page 21 for follow up on previous years weakness	No
 Improving economy, efficiency and effectiveness	17	No	No	Yes – see commentary on page 19

13

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

4



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Position brought forward from 2023/24

There are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from 2023/24. The Council's underlying arrangements in relation to financial sustainability are not significantly different in 2024/25.

Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2024/25. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plan to best meet the needs of the Council's service users.

The Council's financial planning and monitoring arrangements

Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements to date, we are satisfied that the Council's arrangements for budget monitoring remain appropriate, including reporting to Members. In January 2024 the council presented the Medium Term Financial Plan (MTFP) which showed a balanced budget for 2024/25. In its MTFP the council projected deficits where this would be funded by contributions from reserves, below we have figures from the revised budget for 2024/25.

Year	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Total Spending requirement	19.291	19.717	13.852	14.024	15.159
Total Funding	19.291	19.717	13.852	14.024	14.206
Funding Gap (Surplus)	0	0	0	0	0.953

2024/25 Budget Setting and the Medium-Term Financial Plan

In developing the financial projections, the Council made several assumptions. The major assumptions included staffing budgets which estimated future pay awards. Investment income as a result of treasury management decisions has been increased slightly in all years of the MTFP as interest rates are expected to rise. Inflation specific budgets such as energy costs and fuel were amended to reflect anticipated price changes and continued inflationary pressures. The Council also updated the budget for agreed changes to fees and charges. Our review of the MTFP and outturn did not identify evidence to indicate a significant weakness in arrangements.

In 2022/23 the Council acquired an interest in a subsidiary Dragonfly Development Limited (DDL) which was intended to improve the Council's provision of sustainable housing in the Bolsover district. A full business case was approved by Council in February 2022. Through review of the 2022/23 MTFP we noted the budget did not include any income and expenditure related to DDL. Consequently, recommendations were made in both 2022/23 and 2023/24 to incorporate DDL's financial activity into the MTFP. In 2024/25 the Council has still not included income and expenditure of DDL in MTFP. However following the independent review of Dragonfly companies, the Council has approved bringing the Dragonfly companies back in-house. Given the decision to integrate Dragonfly into the Council's operations, no further recommendation has been raised as additional income and expenditure from Dragonfly is now expected to be limited in the MTFP.

We have confirmed that a monthly delivery update on Dragonfly is reported to Local Growth Scrutiny Committee. Additionally, the Executive Committee in year started receiving quarterly target performance report of Dragonfly starting Q2 24-25. Based on work completed for the year ended 31 March 2025 we have not identified any matters to indicate any significant weakness in arrangements.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

2024/25 Statement of Financial Position and Outturn Report

The Council reported its financial outturn position in the 2024/25 Statement of Accounts. The General Fund balance has decreased to £2.001m in line with the MTFP. This was mainly caused by a £0.683m underspend on salaries through vacancies.

Directorates	Budget £m	Outturn £m	Variance £m
Community services Directorate	9.159	8.259	(0.900)
Corporate Resources Directorate	1.666	1.455	(0.211)
Dragonfly Services	2.886	2.581	(0.305)

6

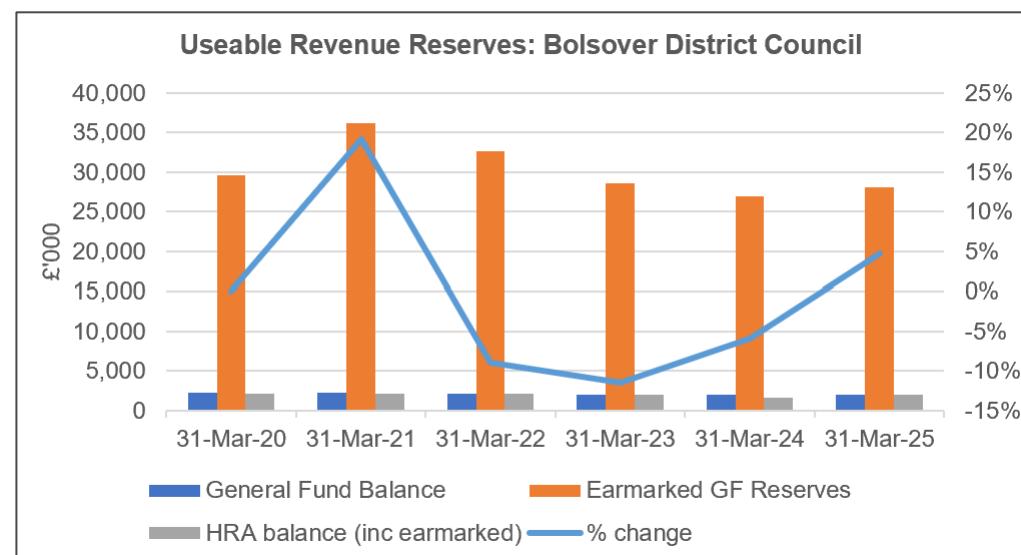
We carried out a high-level analysis of the financial statements subject to our audit, including the Movement in Reserves Statement and our work has not highlighted any risks of a significant weakness in arrangements or indicators of a risk to the Council's financial sustainability.

The Council's usable reserves increased by £3.677m from £49.692m to £53.369 in 2024/25, with:

- General Fund & Earmarked Reserves of £31.516m, up from £30.571m in the prior year
- HRA Reserve of £3.868m, up from £3.186m in 2023/24
- Capital Reserves of £17.985m, up from £15.935m in 2023/24

The purpose of the Council's general fund reserve is to meet costs arising from any unplanned or emergency events. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Whereas earmarked reserves, are set aside for specific purposes.

Through a review of the financial statements, we have considered the Council's revenue reserves over time as shown in the charts below. Overall, we are satisfied that the Council's overall reserves position does not indicate any evidence of a risk of significant weakness in arrangements to secure financial sustainability.



Overall, we have not identified a significant weakness in the Council's arrangements relating to Financial Sustainability criteria for the year ended 31 March 2025.

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

11



VFM arrangements – Governance

Overall commentary on Governance

Position brought forward from 2023/24

The Council's arrangements are not significantly changed since the prior year. In our 2023/24 Auditors Annual Report we reported a significant weakness in arrangements associated with the governance criteria. On page 22 we provide further detail.

The Authority's governance structure

We confirmed the Council has approved and adopted a Code of Corporate Governance which has been designed to be consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) - the 'Delivering Good Governance in Local Government Framework' 2016 edition. The Council is responsible for putting in place proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions. This governance arrangement is detailed in the Council's Constitution and the summary is included in the Annual Governance Statement. The Council's governance prioritises, as identified in the Framework and Constitution, are:

- Customers,
- Economy,
- Environment; and
- Housing

We have attended the Council's Audit Committee meetings; we have reviewed minutes from the different committees and considered against our understanding of the Council as part of our audit. Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear. We confirmed minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made. Based on our work, we are satisfied there is no evidence of a weakness in the Council's governance arrangements.

The Annual Governance Statement (AGS) is a critical component of the Council's governance arrangements. It is a self-assessment by the Council on its governance, assurance and internal control frameworks for the financial year. While some governance issues have been identified, measures have been implemented to mitigate or minimise the risks associated. Our review of the AGS has not highlighted any risks of significant weakness and we have confirmed that disclosures are in line with the internal audit consortium annual report 2024-25.

Risk management and internal control

The Council has an established risk management framework and systems in place which are built into the governance structure of the organisation. The Council has embedded risk management by the establishment of a Risk Management Group which is led by Members and attended by senior officers, Internal Audit and health and safety officers. The Group regularly reviews all risk registers, offering challenge to the assessment process.

The Group leads on the development and review of all risk related policies, plans and strategies across the Council. These are supported by a Risk Management Strategy which are designed to identify and mitigate the strategic and operational risks. We confirmed the Risk Management framework includes a quarterly reporting process to Audit Committee.

The Risk Management approach, both in the identification of risks and the action taken to address risks, is designed to be flexible and have the ability to respond to change. This includes responding to changing national policies, service delivery arrangements, local circumstances, together with Council priorities. The Council's risk management focus and arrangements are designed to ensure current threats and opportunities are effectively addressed and not stifled by inappropriate risk management arrangements.

We have reviewed the risk register and confirmed risks are reviewed regularly, with each strategic risk identified being assigned a 'risk owner' to ensure there is ownership and accountability. The 'risk owners' are expected to review their allocated strategic risks at quarterly intervals. Additionally, the strategic risks are also communicated to the Audit Committee for additional scrutiny and assurance.

Internal Audit is provided on a consortium basis for Bolsover District Council, North East Derbyshire District Council and Chesterfield Borough Council. The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit Consortium that have been established to provide the internal audit service to the three councils. We confirmed an Annual Internal Audit Plan was in place and approved by the Audit Committee.

The Audit Plan is based on an assessment of risks the Council faces and is designed to ensure there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work can be supplemented, if necessary, by ad hoc reviews in respect of suspected irregularities and other work commissioned by Officers and Members of the Council where relevant to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2024/25 and confirmed they are consistent with the risk-based approach.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

We confirmed Internal Audit progress reports are presented to each Audit Committee meeting including follow up reporting on recommendations from previous Internal Audit reviews. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Internal Audit Consortium provides an opinion based on the work completed during the year. For 2024/25 the Head of Internal Audit report concluded that a 'reasonable level of assurance' could be provided on the overall adequacy and effectiveness of the Council's framework for governance, risk management and control.

Throughout the year we have attended Audit Committee meetings. Through attendance at these meetings we have confirmed that the Committee receive regular updates on both internal audit progress and risk management in the form of risk registers. We have seen active member engagement from the Committee who challenge the papers and reports which they receive from officers, internal audit and external audit.

As detailed on page 22 we reported a weakness in the Council's arrangements during 2023/24, as the Council did not finalise the production of group accounts for the 2023/24 financial year until January 2025 which was a delay of six months beyond the expected timetable. This delay meant we were unable to complete our audit procedures before the statutory backstop date of 28 February 2025, resulting in the Council's Statement of Accounts being disclaimed. A significant weakness in arrangements was reported in 2023/24. Our work on groups now complete, and we are satisfied management have taken appropriate actions meaning the significant weakness did not remain in 2024/25.

Governance structure for Dragonfly Development Limited

Dragonfly companies Governance arrangements are set up under the Shareholder Agreement. This included the establishment of a Shareholder Board. This Board included the Deputy Leader and two other Councillors. The set up of the shareholder Board changed in 2024/25. It is made up of Executive Members and two non-Executive Members. Also, the Council had representatives on the Dragonfly Boards. The Shareholder Agreement details the Governance arrangements of the company.

The Shareholder Board reports to the Growth and Scrutiny Committee. A resolution was passed confirming that any decision taken by the company, including but not limited to strategic decisions, management of the business future direction and development of the company, officers, shareholders of the company, major capital investments, and significant changes to service delivery, requires prior approval from the Council. This decision-making process is intended to ensure alignment with the Council's overall strategic objectives,

financial plans, and public service priorities.

Both, Dragonfly Development Ltd and its subsidiary Dragonfly Management (Bolsover) Ltd, have their own risk registers and risk assessments which have been to their Boards, the Shareholder Board and the Council's Corporate Risk Management Group. Governance arrangements are in place designed to ensure oversight of the companies.

Where there are tensions between the Council and component management objectives, the governance arrangements are designed to ensure the Council have decision making power to prevent any decisions the Council did not approve of.

In the year the Council commissioned an independent review to assess to what extent the Companies were delivering benefit for the Council through the lens of governance. The review reported a number of risks associated with oversight and governance however noted that none of these risks had crystallised. The recommendations in the report identified opportunities to manage and mitigate the risks if the current arrangement was to continue. The report was taken to full Council in July 2025 and Members were presented with several future options. Following debate Members approved the option to bring the Dragonfly operations back in house. The Council accepted that in light of local government reorganisation (see page 19) the opportunities that Dragonfly had once created for the Council were no longer attractive. Following the decision working groups have been established to bring the Dragonfly services back in house. These are intended to manage the process and mitigate any risks.

We are satisfied management have taken appropriate actions meaning the significant weakness did not remain in 2024/25.

Based on the work completed to date, we have not identified or reported any additional significant weaknesses in Governance arrangements for the year ended 31 March 2025

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

20



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Position brought forward from 2023/24

There are no indications of a significant weakness in the Council's arrangements brought forward from the prior year and the Council's arrangements are not significantly changed since the prior year.

Council Plan and Performance Monitoring

The Council has in place the 2024-2028 Council Ambition which encompasses its vision to maximise influence and opportunities within the East Midlands combined County Authority to drive the continued delivery of excellence services, maximise local aspirations and drive economic prosperity for Bolsover District. To achieve this, the Council has four aims designed to deliver this vision through priorities that cover the Council Ambition 2020-2024 and these related to Customers, Economy, Environment and Housing.

The Council has identified the key performance indicators, and target levels of performance, in relation to these priorities. The performance targets are informed by national standards, local benchmarking and experience and arrangements are in place to subject indicators to challenge and confirmation. The Council has in place a performance management framework which includes identified responsibilities of managers and processes for regular performance reporting and corrective action if required. Portfolio holders meet regularly with Assistant Directors and Directors to discuss, amongst other things, the performance of services against targets. Our review of minutes confirmed there was quarterly reporting to the Finance and Corporate Overview Scrutiny Committee and the Executive. These quarterly reports take the form of a dashboard and identify whether the performance is achieved or on/off track. The quarterly reports include an appropriate commentary to explain any significant factors which are affecting performance and actions being taken to correct performance. Based on review of minutes there is evidence of appropriate scrutiny of these reports. On an annual basis, the Council's overall performance is summarised in the Narrative Report as part of the Statement of Accounts. This outlines the Council's progress against its ambitions, highlighting key successes and risk areas. The Narrative Report also includes an agreed plan for subsequent years, including any areas for improvement. This provides the public with an overall assessment of the Council activities for the financial year.

A sample of targets as reported in the Q4 report for 2024/25 have been reviewed and confirmed that this was in line with what has been reported in the narrative report which forms part of the annual financial statements.

The quarterly reports demonstrate that performance has been managed throughout the 2024/25 year and any significant variances have been justified. Based on our work we are satisfied there is evidence to demonstrate arrangements are in place for performance monitoring and management at the Council.

Based on review we are satisfied the Council continues to have arrangements for standing financial instructions, purchase order controls and our work on the financial statements has not identified any significant internal control deficiencies regarding purchasing controls.

As noted in the previous section the Council use Dragonfly Development Ltd & Dragonfly Management (Bolsover) Ltd to provide some services to the Council. We confirmed a Dragonfly monthly scrutiny report is presented to Local Growth Scrutiny committee on a monthly basis. This is intended to allow for scrutiny of Dragonfly performance.

Following a full year of operation an independent review of Dragonfly was commissioned by the Council as a proactive measure to assess the effectiveness and sustainability of its current arrangements. The review did not identify any immediate or crystallised risks; rather, it served as a preventive exercise to ensure the Council remained on a sound strategic and operational footing. The review highlighted several governance and operational concerns and presented a range of options for future delivery. In July 2025 the Council voted to bring the Dragonfly services in-house. We will review further arrangements in our work for the year ended 31 March 2026.

We are not aware of any significant matters in 2024/25 which are indicative of a significant weakness in arrangements.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

Local Government Reorganisation (LGR)

In February 2025, the Government wrote to local authorities formally inviting them to submit proposals to create new structures of unitary authorities – which is a single tier of local government responsible for all local services in an area. Derbyshire's eight district and borough councils, and Derby City Council, have been working in partnership to draw up a joint proposal.

Local government reorganisation (LGR) is a complex undertaking that requires strategic foresight, collaborative leadership, and robust planning. It presents both opportunities and challenges for councils seeking to improve service delivery, financial sustainability, and democratic accountability. Effective planning is essential to ensure a smooth transition and long-term success. It is well recognised that councils continue to deliver their services and duties until reorganisation is complete, including ensuring it maintains standards and exhibits the appropriate standards of governance.

Crucially, the Council will need ensure it puts in place robust arrangements to oversee the agreement and implementation of an agreed plan. This includes effective governance and committed leadership, such that there are clear arrangements for decision-making and manage relationships between partners, especially in joint or competing proposals.

We have held ongoing discussions with senior Council officers throughout the year as the situation has evolved. We do not consider LGR to represent in itself a significant risk of weakness in arrangements. From our review we have not identified any indication that the Council has not complied with its obligations to the LGR process. The Council worked with districts and boroughs in Derbyshire to prepare an interim plan which was approved by full Council in March 2025. The Chief Executive in consultation with the Leader of the Council was authorised to continue to participate in discussions with Derbyshire's seven other district and borough councils, Derby City Council and also potentially Derbyshire County Council, with a view to developing a full proposal for local government reorganisation in Derbyshire and Derby. The Full Council will be formally invited to consider the full proposal in the Autumn, prior to its submission to the Government by the required deadline of 28 November 2025.

During the transition period, each council will retain full sovereignty over its assets and liabilities. However, MHCLG expects local leaders to collaborate in establishing voluntary agreements that ensure prudent,

coordinated, and value-for-money decisions on expenditure as proposals are developed.

There are a range of other factors to incorporate into future planning, including but not limited to:

- Robust financial planning, managing transition costs, but also addressing existing deficits and future funding uncertainties.
- Supporting the workforce, including engagement, morale and more detailed determination of employee contracts, redundancies and retention. This includes Ensuring there is sufficient resources available to implement programme management on the delivery of the finally agreed case.
- Maintaining continuity in services, but identifying opportunities/threats on duplication, gaps and service delivery models. This would also include effective consultation and engagement with residents, service users and other stakeholders.
- Considering the impact of technology as a barrier and enabler, including data protection, cyber resilience and ability to integrate systems

Other Recommendation

The Council needs to maintain effective and transparent governance arrangements in the progression of plans for local government reorganisation, including effective leadership and the Standards and Audit Committee should seek specific assurance, once plans are finalised, over the key controls in place to support the transition to a new organisation.

Overall, we have not identified a significant weakness in the Council's arrangements relating to Improving Economy, Efficiency and Effectiveness criteria for the year ended 31 March 2025.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations

23



VFM arrangements – Prior year significant weaknesses and recommendations

Progress against significant weaknesses and recommendations made in a prior year

As part of our audit work in previous years, we identified the following significant weaknesses, and made recommendations for improvement in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council's progress against the recommendations made, including whether the significant weakness is still relevant in the 2024/25 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>Accounting and Governance Arrangements of Dragonfly companies The Council published its draft statement of accounts for the 2023/24 financial year in July 2024, including group accounts. This is the first year that the Council has been required to prepare group accounts, incorporating the financial results of both the Council and its wholly-owned subsidiary companies (collectively referred to as "Dragonfly companies"). However, the draft group accounts contained material errors due to inconsistencies in the reporting periods for the year ended 31 March 2024 year and prior year balances (year ended 31 March 2023). Further, there were delays in obtaining the financial statements of Dragonfly Companies (Dragonfly Development Ltd and Dragonfly Management (Bolsover) Ltd) from their consultants and external auditors to enable the production of final group accounts. These delays meant the Council was not able to finalise the production of updated group accounts for the 2023/24 financial year until January 2025, a delay of 6 months over the expected timetable. As a result of the delay we were unable to complete our audit procedures before the backstop date of 28th February 2025, leading to the Council's statement of accounts being disclaimed.</p> <p>Without proper arrangements to support the production of its draft statement of accounts (which incorporate full range of activities of the Council's group) and the audit of those accounts, the Council risks a continuation of failure to meet the requirement to publish an audited statement of accounts. These matters, in our view, are evidence of a significant weakness in the Council's governance arrangements, in particular how the body ensures supports its statutory financial reporting requirements for the financial year ended 31 March 2024.</p>	Governance	The Council should ensure that proper arrangements are established to ensure the timely production of the group statement of accounts, aligning with statutory reporting deadlines. This timetable should be clearly articulated to all stakeholders within the Group.	<p>We have noted that:</p> <ul style="list-style-type: none"> • Council produced and published group accounts for the year ended 31 March 2025 by June 2025. • The Council have worked with the new component auditors to ensure audits of the Dragonfly companies were completed in the summer of 2025. • We have considered the work of the component auditor and not identified any significant matters indicative of continued weakness. No significant matters reported by the component auditor in their reporting. • Our discussions with the component auditor confirmed that some continued challenge but clear that significant improvements have been made as evidenced by the limited findings. • Council commissioned an independent review into the governance of the companies and following this review have concluded it appropriate to bring the services back in house as benefits set out in the business case are not being met. As such the Council will cease to produce group accounts from 26/27. 	<p>While we were required to issue a modified audit opinion in 2024/25 we are satisfied management have taken appropriate actions meaning the significant weakness did not remain in 2024/25.</p> <p>It is important that management continue to monitor arrangements for Group financial reporting so Group statement of accounts continue to meet reporting deadlines.</p>

04

Other reporting responsibilities

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the group auditor

Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

05

Audit fees and other services

Audit fees and other services

Fees for our work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee in September 2025.

Having completed our work for the 2024/25 financial year, we can confirm that our fees are as follows:

Area of work	2024/25 fees	2023/24 fees
Planned fee in respect of our work under the Code of Audit Practice	£160,368	£145,685
Additional fee in respect of: <ul style="list-style-type: none"> • ISA315 • preparing group accounts • disclaimer accounts • additional VFM significant weakness 	N/A	£21,436
Fees for Group Accounts (not built into the 24/25 scale fee)*	£10,000	N/A
Additional fee in respect of rebuilding assurance*	26,200	N/A
Work completed to assess Prior Period Adjustment*	6,300	N/A
Additional work for introduction of ISA 600 Revised Group Audits *	5,000	N/A
Additional fees in respect of introduction of IFRS 16 Leases *	4,000	N/A
Work completed to assess the Council's value for money arrangements and issue our value for money commentary *	8,000	N/A
Qualified opinion *	7,500	N/A
Total fees	£227,368	£167,121

* The additional fees relate to work that was not known to PSAA at the time they set the scale fee for 2024/25. The proposed additional fees are subject to agreement with the Director of Finance and review and approval by PSAA.

Fees for other work

We confirm we have been engaged to undertake the following any non-audit services for the Council in the year.

Area of work	2024/25 fees	2023/24 fees
Other services – Agreed upon procedures on housing pooling return	£7,000	£6,000

Appendices

Appendix A: Further information on our audit of the Council's financial statements

Appendix A: Further information on our audit of the Council's financial statements

Significant risks and audit findings

As part of our audit of the Council, we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
Management override of controls (Council and Group) Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits	We addressed this risk through performing audit work over: <ul style="list-style-type: none">• Accounting estimates impacting amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Testing journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements. Audit findings – We reported a control recommendation. Our work provided the required assurance, and we have no matters to report.
Valuation of land, buildings and investment properties (Council) The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of land, buildings and investment properties. Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land, buildings and investment property due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of land, buildings and investment properties to be an area of significant risk.	We addressed this risk by: <ul style="list-style-type: none">• Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;• Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;• substantively testing a sample of revaluations; and• Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluations in 2024/25 are materially correct, including considering the robustness of the approach in light of the valuation information reported by the Council's valuers. Audit findings - Our work provided the required assurance, and we have no matters to report.

Appendix A: Further information on our audit of the Council's financial statements

Significant risks and audit findings *continued*

Risk	Our audit response and findings
<p>Net defined benefit valuation (Council and Group)</p> <p>The Council is an employer in the Local Government Pension Scheme, administered on a local level by the Derbyshire Pension Fund.</p> <p>The defined benefit assets and liabilities are significant items in the Council's balance sheet and the Council engages an actuary to perform an annual valuation in accordance with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.</p> <p>As part of our testing, procedures will be performed on the net defined liability held by Dragonfly Development Limited</p> <p>3</p>	<p>We addressed this risk by:</p> <ul style="list-style-type: none"> • Critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary, Hymans Robertson; • Liaising with the auditors of the Derbyshire Pension Fund to gain assurance over the design and implementation of the controls in place at the Pension Fund. This included the processes and controls in place to ensure data provided to the Actuary for the purposes of the IAS 19 valuation is complete and accurate; • Reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PwC and consulting actuary engaged by the National Audit Office (NAO); and • Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements <p>Audit findings - We reported one unadjusted non - material misstatement as reported below. Our work provided the required assurance, and we have no other matters to report.</p>
<p>Application of IFRS 16 for the 2024-25 financial year (Council)</p> <p>IFRS 16 is applicable from 1 April 2024, designed to report information that better shows lease transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.</p> <p>The Council is required to account for its lease arrangements in line with this new standard for the first time in the 2024/25 accounts. This requires the Council to re-classify their leases and account for a right of use asset. Given this is a new standard which could result in significant movements and the need to identify previously unrecognised leases we have identified this as an area of significant risk for our 2024/25 audit.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Critically reviewing the accuracy and completeness of the Council's assessment of leases under IFRS 16; and • Reviewed the accounting treatment for a sample of leases to test the valuation of the liability and right of use asset. <p>Audit findings - Our work provided the required assurance, and we have no other matters to report.</p>

Appendix A: Further information on our audit of the Council's financial statements

Significant risks and audit findings *continued*

Risk	Our audit response and findings
<p>Group Consolidation</p> <p>The Council is consolidates Dragonfly Group (Dragonfly Development Limited and Dragonfly Management) and produced group accounts for the first time in the 2023/24 financial statements. We reported in our disclaimer of opinion for the year ended 31 March 2024 that the Group financial statements included material errors and the Council was unable to provide sufficient, appropriate evidence to support the figures in the group financial statements were free from material misstatement.</p>	<p>We reported one adjusted misstatement as reported in Audit Completion Report. We also identified an unadjusted non - material misstatement as reported below.</p> <p>We were unable to obtain sufficient appropriate audit evidence over the 2023/24 Group balances and comparatives. Consequently, we issued a modified audit opinion.</p>

Appendix A: Further information on our audit of the Council's financial statements

Summary of uncorrected misstatements for the Council

Description	Entity	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
			Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Income and Expenditure Reserve Cr: Council Dwellings	Council	Factual	60			60
Council Dwellings disposed of in prior year which have not yet been excluded from Fixed asset register.						
Dr: Pension Liability Cr: Pension Reserve	Council	Factual			49	49
The Pension Fund auditor identified an unadjusted difference in asset values during their audit of the Pension Fund. The above is our estimation of the impact on the Council's asset valuations based on the Council's share of Pension Fund assets. Dragonfly Management Limited and Dragonfly Development Limited share is trivial at £0.056m and £0.002m.						
Dr: Income Cr: Expenditure Dr: Inventories	Dragonfly Companies	Factual	247	404	157	
Audit adjustments made in Dragonfly accounts.						
Aggregate effect of unadjusted misstatements				307	404	206
						109

Appendix A: Further information on our audit of the Council's financial statements

Internal control observations for the Council

User Access Review of Civica

Description of deficiency

Our testing identified that periodic user access reviews for Civica are not consistently performed or documented, resulting in no assurance that accounts are still valid or that access rights match current job roles.

Potential effects

Inactive or excessive user access may remain, increasing risks of unauthorized access, data breaches, fraud, and non-compliance with security requirements.

Recommendation

The council should implement and document regular access reviews of Civica.

34

Management response

For the security of its IT systems, the Council uses network authentication. This means once leavers no longer have access to the network, they cannot gain access to any of our systems, including Civica. The IT department are notified of leavers as part of the HR processing of an employee leaving the authority. In addition, users outside of the finance team are limited to enquiry only, meaning they cannot undertake any transactions.

However, the finance team will look to re-establish the notification of leavers which used to be received, as part of the housekeeping of the Civica system, carried out on a periodic basis.

Journals Testing

Description of deficiency

During our testing of Journals, we identified some posted by the Section 151 Officer. The Council confirmed this was due to lack of capacity in the finance team.

Potential effects

If the Section 151 Officer is involved in the accounts preparation, there is a risk the internal control checks are not effective as the S151 Officer could be reviewing their own work. This increases the risk material errors are missed in the accounts process.

Recommendation

The Council should ensure the finance team has the necessary capacity to meet its responsibilities.

Management response

This deficiency was initially reported in the Auditor's Annual Report for the year ended 31 March 2024, which the Council received in February 2025. Since February 2025, no journals have been posted by the Section 151 Officer, and a new principal accountant post has been established and appointed to in the Council's finance team.

Appendix A: Further information on our audit of the Council's financial statements

Follow up on previous year recommendations for the Council

PPE Revaluations

Description of deficiency

In our testing of the underlying data used to calculate the value of assets, there was a delay in the Council being able to find and provide data to validate the floor areas used to support the valuations.

Potential effects

Without this information being saved in the Council working papers there is a risk that internal review of the valuations is not effective and may miss material errors.

Recommendation

 The Council should maintain in its working papers, underlying data. This will ensure the review process is effective.

Management response

Some of the Council's assets were originally valued by the District Valuer (now the Valuation Office), a number of years ago. Unfortunately, floor area was not recorded on the valuation documents.

As part of the exercise undertaken by the Valuer for the Statement of Accounts each year, floor area is being added, but it will take some time to update all of the plans

Contact

Forvis Mazars

James Collins

Director

Tel: 0191 383 6331

James.Collins@mazars.co.uk

Garima Garg

Manager

07581015447

Garima.garg@mazars.com

36

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2024. All rights reserved.



Audit Completion Report Bolsover District Council – year ended 31 March 2025

February 2026

Agenda Item 4

Members of the Audit Committee

Bolsover District Council

The Arc,
High Street
Clowne
S43 4JY

26 February 2026

Dear Committee Members,

Audit Completion Report – Year ended 31 March 2025

We are pleased to present our Audit Completion Report for Bolsover District Council ("the Council") for the year ended 31 March 2025. The purpose of this report is to summarise our audit findings and conclusions.

This report is intended solely for the Audit Committee for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

We appreciate the courtesy and co-operation extended to us by Bolsover District Council throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully

Signed: 

James Collins

Forvis Mazars LLP

Contents

- 01** Executive summary
- 02** Status of our audit
- 03** Audit approach and risk summary
- 04** Significant findings
- 05** Significant control deficiencies
- 06** Summary of misstatements
- 07** Fraud considerations
- 08** Value for Money

- A** Appendix A: Internal control conclusions
- B** Appendix B: Draft management representation letter
- C** Appendix C: Draft audit report
- D** Appendix D: Confirmation of our independence
- E** Appendix E: Other communications

Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Bolsover District Council. It has been prepared for the sole use of Audit Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

01

Executive Summary

Executive summary

Scope

We have been engaged to audit the financial statements of Bolsover District Council for the year ended 31 March 2025 which are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the Code of Audit Practice.

Audit status

Our audit procedures are now substantially complete for the year ended 31 March 2025.

At the time of preparing this report, there are no significant matters outstanding.

Areas of focus and audit approach, and significant findings

Our significant risks and other areas of focus, are set out in the '*Audit approach and risk summary*' section, with a summary of our audit approach over those areas. Significant findings from our audit are set out in the '*Significant findings*' section.

Significant control deficiencies

We ~~have~~ identified significant deficiencies in internal control. Please refer to the '*Significant control deficiencies*' section. The non-significant control observations that we have identified to date are set out in '*Appendix A: Internal control conclusions*'.

Audit misstatements

A summary of the adjusted and unadjusted misstatements above our reporting threshold we have identified to date is set out in the '*Summary of misstatements*' section.

Audit opinion

We have identified the following issue which has resulted in us proposing to issue a modified audit opinion. At the time of preparing this Report the draft wording of the audit report is being finalised. We will issue to Members as a Follow up Letter ahead of signing the audit report.

As a result, we could not determine whether adjustments might have been necessary to opening Group balances of assets, liabilities and reserves; and the Group Comprehensive Income and Expenditure Statement. This modification reflects the disclaimer opinion we issued in 2023/24 and is necessary on our path to rebuilding assurance.

Issue	Impact on our audit opinion
We issued a disclaimer of opinion in 2023/24 as a result of been unable to obtain sufficient appropriate evidence over the Group financial statements. The Group financial statements for the year ended 31 March 2025 include comparative information from the prior year. While we have been able to obtain assurance of the Council closing balances through historic testing we have been unable to obtain sufficient appropriate audit evidence over the opening Group financial statements and consequently a modification is required.	We could not determine whether adjustments might have been necessary to: <ul style="list-style-type: none">Opening group balances of assets, liabilities and reserves; andThe financial information presented in the Group Comprehensive Income and Expenditure Statement. As a result we are issuing a modified opinion.

Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further details have been provided in the '*Value for Money*' section of this report.

Wider reporting powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.

Reporting to the group auditor

We have not yet received final group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to conclude our work in this area until such instructions have been received. As a result we will not be able to issue the audit certificate when the audit opinion is signed.

Executive summary

Qualitative aspects of Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 19 June 2025 and were of a good quality.

Significant matters discussed with management

During our audit, we communicated the following significant matters to management:

- Ongoing preparations for Local Government Reorganisation and the impact on Bolsover District Council
- Rebuilding Assurance - The 2023/24 audit was disclaimed due to issues with the group accounts. During the course of the audit, we discussed with the management our risk assessment procedure and our audit approach on rebuilding assurance on opening balances in the 2024/25 financial statements. Our testing on 2023/24 balances is complete, however, we were not able to obtain reasonable assurance over the opening balances in the 2024/25 Group financial statements resulting in a qualified opinion.
- Prior Period Adjustment- During the audit we discussed with management the prior period adjustment made to the group financial statements relating to the correction of pension accounting entries made in the 2023/24 group financial statements. Management outlined the basis for the adjustment, the supporting actuarial evidence and the resulting impact on comparative group figures. In addition, we recommended a number of presentation and disclosure improvements to enhance clarity and compliance with the Code requirements. Management agreed to these amendments and updated the financial statements accordingly.

Significant difficulties during the audit

We have not encountered any significant difficulties and we have had the full co-operation of management.

Other matters of significance

We encountered no significant difficulties during our audit and had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and the Audit Committee during our audit. All requested information and explanations were provided to us.

Other matters we are required by ISA (UK) 260 *Communication with Those Charged with Governance* to communicate to you have been set out in Appendix E.

02

Status of the audit

Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require further modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

Audit Quality Control and Completion procedures

Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks.

In addition, there are a small number of residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.

We also need to finalise the wording of our modified audit report.

VFM

We reported our draft commentary to management by the 30th November deadline. We have identified no further matters to report. We will update and issue our final Auditors Annual Report in February 2026.



Status

 Likely to result in a material adjustment or a significant change to disclosures in the financial statements.

 Potential to result in a material adjustment or a significant change to disclosures in the financial statements.

 Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

 Work on value for money arrangements

03

Audit approach and risk summary

Audit approach and risk summary

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued in September 2025.

Materiality

Our provisional materiality at the planning stage of our audit was set at £1.430m for Group and £1.370m for Council using a benchmark of 2% of gross operating expenditure for Group and 1.9% of gross operating expenditure for Council as per the Audit Strategy Memorandum.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Group audit approach

There have also been no significant changes to the group audit approach we communicated in our Audit Strategy Memorandum, issued in September 2025. However as reported in the previous section we have been unable to obtain appropriate sufficient audit evidence on opening assets, liabilities and reserves and Group Comprehensive Income and Expenditure Statement.

Internal audit

No reliance has been placed on internal audit for the 2024/25 financial audit. Enquiries have been undertaken to aid our understanding of the overarching control environment of the council.

Use of experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. No changes have occurred to those outlined in our ASM.

Item of account	Management's expert	Our expert
Defined benefit liability	Hymans Robertson LLP	National Audit Office's (NAO's) Consulting Actuary (PwC)
Property, plant and equipment and Investment properties valuation	Internal valuer from the Council	We will consider available market data including the National Audit Office's expert, Montague Evans.
Financial Instruments	Arlingclose	None identified as being required
Business Rates Appeals Valuations	InformCPI Ltd	None identified as being required

Audit approach and risk summary

	Audit risk/ key area of judgement	Fraud risk	Judgement	Error	Substantive audit procedures	Tests of controls	Misstatement identified	Control recommendations	Conclusion	Page ref to finding
14 Significant risks	Management Override of Controls	●	●	○	●	●	○	●	No significant issues have been identified that need to be brought to the attention of members.	15
	Valuation of the LGPS Defined Benefit Pension	○	●	●	●	○	●	○	We have identified unadjusted misstatement as set out in section 06, our work obtained the assurances required and there are no further matters to report.	16
	Valuation of Property, Plant & Equipment (Land + Buildings) and Investment Property	○	●	●	●	○	○	●	No significant issues have been identified that need to be brought to the attention of members.	17
	Implementation of IFRS 16 - Leases	○	●	●	●	○	○	○	No significant issues have been identified that need to be brought to the attention of members.	18
	Group Consolidation	○	●	●	●	○	●	○	We have identified adjusted and unadjusted misstatement as set out in section 06. Our work has provided the required assurance over the 2024/25 group financial statements. We have identified unadjusted misstatement as set out in section 06, our work obtained the assurances required and there are no further matters to report	19
Other key areas of management judgement	Rebuilding Assurance	●	●	●	●	○	○	○	We were unable to obtain sufficient appropriate audit evidence over the 2023/24 Group balances and comparatives. Consequently, we are intending to issue a modified audit opinion - see appendix B for more detail.	20

Audit approach and risk summary

Overview of our group audit approach

You engaged us to audit the group financial statements of Bolsover District Council. Based on our risk assessment and the financial information for the year ending 31 March 2025, we determined that certain components consolidated into the group financial statements should be subject to either a full scope audit or a specific scope audit, as set out in the table below.

Where we engaged component auditors as part of our group audit approach, we have specified the name and location of the component auditor below.

Component name	%	Location	Auditor	Scope	Changes to scope since planning?
Bolsover District Council	72%	Clowne	Forvis Mazars LLP	Full Scope Audit	No
Dragonfly Development Limited	12%	Clowne	Hewittcard Chartered Certified Accountants	Full Scope Audit	No
Dragonfly Management (Bolsover) Limited	17%	Clowne	Hewittcard Chartered Certified Accountants	Full Scope Audit	No

Audit scope definitions

Full scope audit: an audit of the component's financial information prepared for group reporting purposes using component performance materiality.

Audit of account balance(s), class(es) of transaction, and/ or disclosures(s): an audit of specific account balance(s), class(es) of transaction, and/ or disclosure(s) included in the component's financial information prepared for group reporting purposes, using component performance materiality.

Group engagement team instructed engagement procedures: specific audit procedures performed over the component's financial information, as instructed by the group engagement team, using component performance materiality.

Audit approach and risk summary

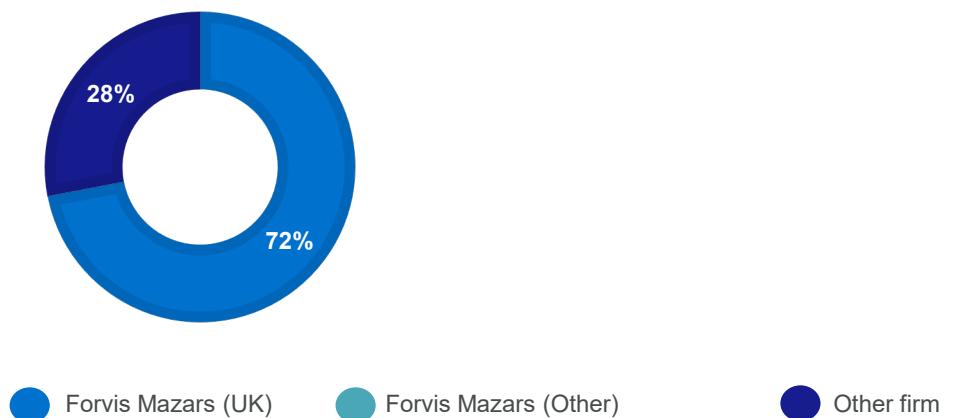
Overview of our group audit approach (continued)

Set out below is a summary of our group audit scope, specifically our coverage of group external expenditure by audit scope (per the definitions on the previous page) and by audit firm.

2024/25 – % OF GROUP EXTERNAL EXPENDITURE



2024/25 – % OF GROUP EXTERNAL EXPENDITURE



04

Significant findings

Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

Significant risks

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

From our journals testing, we identified some journals were posted by S151 officer. We have raised an internal control recommendation in section 5.

Our work has provided the required assurance, and we have no other matters to report.

Significant findings

Significant risks (continued)

Valuation of Council Dwellings, land and buildings and Investment Properties

Description of the risk

The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of land, buildings and investment properties.

Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land, buildings and investment property due to the significant judgements and number of variables involved in providing revaluations.

We have therefore identified the valuation of land, buildings and investment properties to be an area of significant risk.

How we addressed this risk

We addressed this risk by:

- Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
- Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
- Substantively testing a sample of revaluations; and
- Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluations in 2024/25 are materially correct, including considering the robustness of the approach in light of the valuation information reported by the Council's valuers.

Audit conclusion

Our work has provided the required assurance, and we have no other matters to report.

Significant findings

Significant risks (continued)

Net defined benefit liability valuation

Description of the risk

The Council is an employer in the Local Government Pension Scheme, administered on a local level by the Derbyshire Pension Fund.

The defined benefit assets and liabilities are significant items in the Council's Balance Sheet and the Council engages an actuary to perform an annual valuation in accordance with the requirements of IAS 19 Employee Benefits. Due to a high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.

As part of our testing, procedures were performed on the net defined liability held by Dragonfly companies which was consolidated into the Group accounts.

How we addressed this risk

We addressed this risk by:

- Critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary, Hymans Robertson;
- Liaising with the auditors of the Derbyshire Pension Fund to gain assurance over the design and implementation of the controls in place at the Pension Fund. This included the processes and controls in place to ensure data provided to the Actuary for the purposes of the IAS 19 valuation is complete and accurate;
- Reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PwC and consulting actuary engaged by the National Audit Office (NAO); and
- Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements.

Audit conclusion

We have reported one unadjusted non material misstatement as set out in section 06. Our work has provided the required assurance, and we have no other matters to report.

Significant findings

Significant risks (continued)

Application of IFRS 16 for the 2024-25 financial year.

Description of the risk

IFRS 16 is applicable from 1 April 2024, designed to report information that better shows lease transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Council is required to account for its lease arrangements in line with this new standard for the first time in the 2024/25 accounts. This required the Council to re-classify their leases and account for a right of use asset.

How we addressed this risk

We addressed this risk by:

- Critically reviewing the accuracy and completeness of the Council's assessment of leases under IFRS 16; and
- Reviewing the accounting treatment for a sample of leases to test the valuation of the liability and right of use asset.

Audit conclusion

Our work has provided the required assurance, and we have no other matters to report.

Significant findings

Significant risks (continued)

Group Consolidation

Description of the risk

The Council consolidates Dragonfly Group (Dragonfly Development Limited and Dragonfly Management) and produced group accounts for the first time in the 2023/24 financial statements. We reported in our disclaimer of opinion for the year ended 31 March 2024 that the Group financial statements included material errors and the Council was unable to provide sufficient, appropriate evidence to support the figures in the group financial statements were free from material misstatement.

How we addressed this risk

We addressed this risk through performing audit work over:

- reviewing and assessing the controls and processes that the Council has in place to prepare group accounts;
- performing substantive procedures on the consolidation adjustments;
- performing recalculations on the consolidation schedules to ensure mathematical accuracy; and
- Completing risk based procedures required to rebuild assurance over group opening balances.

Audit conclusion

We have reported one adjusted and one unadjusted non - material misstatement as set out in section 06. Our work has provided the required assurance over the 2024/25 group closing balances. However, we were unable to obtain sufficient appropriate audit evidence over the 2023/24 Group opening balances and comparatives. Consequently, we are intending to issue a modified audit opinion - see section 1 for more detail.

Significant findings

Other key areas

Rebuilding Assurance.

Under normal circumstances and following a financial year where the auditor has given an unmodified opinion on the financial statements, auditors would usually rely on assurance obtained in the prior period to be satisfied that the opening balances in the current year are free from material error. Following the completion of audit procedures on in-year transactions, the auditor would usually be able to form an opinion on the current year's financial statements.

When a disclaimer of opinion has been issued in the prior periods, no such assurance can be taken, and the auditor must design alternative audit procedures to be able to form a position on the current year's financial statements. We were able to bring forward audit work completed in 2023/24 to rebuild assurance on the Council's closing balances. However, we were unable to obtain sufficient appropriate assurance over the Group opening balances and comparatives resulting in a modified audit report.

Significant findings

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2024/25 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No matters considered objections have been raised.

05

Internal control conclusions

Significant control deficiencies

As part of our audit, we obtained an understanding of the Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Council's internal controls, we are required to communicate to the Audit committee any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Council's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Audit committee.

The significant deficiencies in the Council's internal controls that we have identified as at the date of this report are set out on the following pages.

Other observations

We also record our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

The other control deficiencies that we have identified as at the date of this report are set out in '*Appendix A: Internal control conclusions*'.

Significant control deficiencies

Significant deficiencies in internal control

In our view, the deficiencies in internal control set out in this section result in a potential for financial loss, damage to reputation, or a loss of information. This may have implications for the achievement of business strategic objectives. Our recommendations should be considered for immediate action.

User Access Review of Civica

Description of deficiency

Our testing identified that periodic user access reviews for Civica are not consistently performed or documented, resulting in no assurance that accounts are still valid or that access rights match current job roles.

Potential effects

Inactive or excessive user access may remain, increasing risks of unauthorized access, data breaches, fraud, and non-compliance with security requirements.

Recommendation

The council should implement and document regular access reviews of Civica.



Management response

For the security of its IT systems, the Council uses network authentication. This means once leavers no longer have access to the network, they cannot gain access to any of our systems, including Civica. The IT department are notified of leavers as part of the HR processing of an employee leaving the authority. In addition, users outside of the finance team are limited to enquiry only, meaning they cannot undertake any transactions.

However, the finance team will look to re-establish the notification of leavers which used to be received, as part of the housekeeping of the Civica system, carried out on a periodic basis.

Significant control deficiencies

Significant deficiencies in internal control

In our view, the deficiencies in internal control set out in this section result in a potential for financial loss, damage to reputation, or a loss of information. This may have implications for the achievement of business strategic objectives. Our recommendations should be considered for immediate action.

Journals Testing

Description of deficiency

During our testing of Journals, we identified some posted by the Section 151 Officer. The Council confirmed this was due to lack of capacity in the finance team.

Potential effects

If the Section 151 Officer is involved in the accounts preparation, there is a risk the internal control checks are not effective as the S151 Officer could be reviewing their own work. This increases the risk material errors are missed in the accounts process.

Recommendation

The Council should ensure the finance team has the necessary capacity to meet its responsibilities.



Management response

This deficiency was initially reported in the Auditor's Annual Report for the year ended 31 March 2024, which the Council received in February 2025. Since February 2025, no journals have been posted by the Section 151 Officer, and a new principal accountant post has been established and appointed to in the Council's finance team

06

Summary of misstatements

Summary of misstatements

Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Strategy Memorandum, issued in September 2025. Any subsequent changes to those figures are set out in the 'Audit approach and risk summary' section of this report.

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to the Audit Committee unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Description	Entity	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
			Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Income and Expenditure Reserve Cr: Council Dwellings	Council	Factual	60			60
Council Dwellings disposed of in prior year which have not yet been excluded from Fixed asset register.						
Dr: Pension Liability Cr: Pension Reserve	Council	Factual			49	49
The Pension Fund auditor identified an unadjusted difference in asset values during their audit of the Pension Fund. The above is our estimation of the impact on the Council's asset valuations based on the Council's share of Pension Fund assets. Dragonfly Management Limited and Dragonfly Development Limited share is trivial at £0.056m and £0.002m.						
Dr: Income Cr: Expenditure Dr: Inventories	Dragonfly Companies	Factual	247	404	157	
Audit adjustments made in Dragonfly accounts.						
Aggregate effect of unadjusted misstatements			307	404	206	109

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

Summary of misstatements

Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe the Audit Committee should be made aware of.

Description	Entity	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
			Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr. Inventories					132	
Dr Debtors					425	
Cr. Creditors						557
Audit adjustments made in Dragonfly accounts.						
Aggregate effect of adjusted misstatements					557	557

Summary of misstatements

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Accounting policies updated to remove reference of IAS 16 and IAS 38. Also updated to remove policy on operating leases under IFRS 16 in line with Code requirements.
- Expenditure and Funding analysis moved from primary statements to note 7.
- Council CIES : A presentation correction was made to Comprehensive Income and Expenditure Statement. IFRS 16 recognition of Leases at fair value line was updated within other comprehensive income and expenditure.
- Note 11, Property, plant and Equipment: narrative was added to include reference to right of use assets and desktop valuation.
- Note 39, Defined Benefit Pension Schemes: Note has been updated to include the disclosure of the Virgin Media case
- Note 35, Leases: Disclosure was updated for leases where the authority is lessor
- Note 55, Prior Period Adjustments: The note was amended to meet the requirements of the Code and moved to note 9 of Group Accounts.
- Group CIES: presentation change to amend reference of Dragonfly HRA and Dragonfly GF.
- Material disclosures notes added in Group Accounts
- Group CIES: Classification error between capital grants and non-domestic rates income and expenditure was corrected.

We ~~identified~~ the following disclosure misstatements during our audit that have not been corrected by management:

- Note 8 Expenditure and Income Analysed by Nature line Depreciation, amortisation, impairment is understated by £0.5m. This was due to classification error between depreciation, amortisation and impairment and other service expenses.

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

07

Fraud considerations

Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

Your responsibilities

Management has primary responsibility for the prevention and detection of fraud. It is important that management, with the Audit Committee oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by the Audit Committee's active oversight.

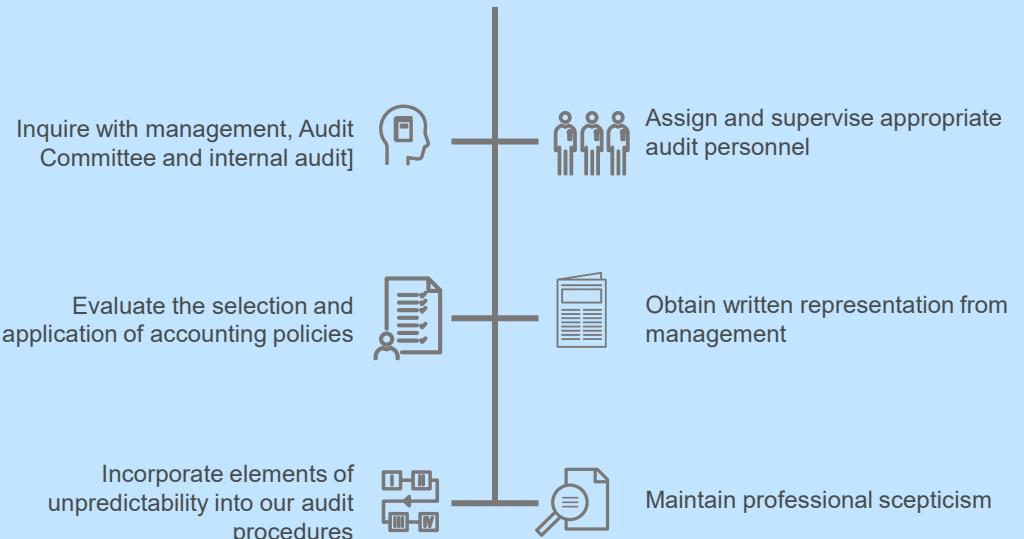
Our responsibilities

We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

ISA presumed fraud risks

As set out in the 'Audit approach and risk summary' section, the risks of fraud in management override of controls were identified as significant risks.

Our overall approach to fraud



Our overall conclusion

We did not identify any actual or suspected fraud involving group or component management, employees with significant roles in the group's internal control or others, where the fraud resulted in a material misstatement in the group financial statements.

08

Value for Money

Value for Money

Approach to Value for Money

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

This is the first audit year where we have undertaken our value for money (VFM) work under the full 2024 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor's Annual Report).

The Code requires us to structure our commentary to report under three specified criteria:

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

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception. We will also highlight emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. This commentary will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria. We intend to issue the Auditor's Annual Report in February 2026.

Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2025 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix C confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in February 2026.

Value for Money

Follow up of previously-reported significant weaknesses in arrangements

In February 2025 we reported 1 significant weakness to the Council. As part of our work in 2024/25, we followed up the progress made by the Council against the recommendations made and determined whether the significant weakness remained during the year.

Significant weakness in arrangements	Financial Sustainability	Governance	Improving the 3Es	Work Undertaken and Conclusions Reached
<p>Significant weakness</p> <p>The Council published its draft statement of accounts for the 2023/24 financial year in July 2024, including group accounts. This is the first year that the Council has been required to prepare group accounts, incorporating the financial results of both the Council and its wholly-owned subsidiary companies (collectively referred to as "Dragonfly companies"). However, the draft group accounts contained material errors due to inconsistencies in the reporting periods for the year ended 31 March 2024 year and prior year balances (year ended 31 March 2023). Further, there were delays in obtaining the financial statements of Dragonfly Companies (Dragonfly Development Ltd and Dragonfly Management (Bolsover) Ltd) from their consultants and external auditors to enable the production of final group accounts. These delays meant the Council was not able to finalise the production of updated group accounts for the 2023/24 financial year until January 2025, a delay of 6 months over the expected timetable. As a result of the delay we were unable to complete our audit procedures before the backstop date of 28th February 2025, leading to the Council's statement of accounts being disclaimed.</p> <p>Without proper arrangements to support the production of its draft statement of accounts (which incorporate full range of activities of the Council's group) and the audit of those accounts, the Council risks a continuation of failure to meet the requirement to publish an audited statement of accounts.</p> <p>Recommendation</p> <p>The Council should ensure that proper arrangements are established to ensure the timely production of the group statement of accounts, aligning with statutory reporting deadlines. This timetable should be clearly articulated to all stakeholders within the Group.</p>			●	<p>Progress against the recommendation</p> <p>We have noted that:</p> <ul style="list-style-type: none"> • Council produced and published group accounts for the year ended 31 March 2025 by June 2025. • The Council have worked with the new component auditors to ensure audits of the Dragonfly companies were completed in the summer of 2025. • We have considered the work of the component auditor and not identified any significant matters indicative of continued weakness. No significant matters reported by the component auditor in their reporting. • Our discussions with the component auditor confirmed that some continued challenge but clear that significant improvements have been made as evidenced by the limited findings. • Council commissioned an independent review into the governance of the companies and following this review have concluded it appropriate to bring the services back in house as benefits set out in the business case are not being met. As such the Council will cease to produce group accounts from 26/27. <p>Conclusions</p> <p>While we were required to issue a modified audit opinion in 2024/25 we are satisfied management have taken appropriate actions meaning the significant weakness did not remain in 2024/25.</p> <p>It is important that management continue to monitor arrangements for Group financial reporting so Group statement of accounts continue to meet reporting deadlines.</p>

Appendices

- A: Internal control conclusions
- B: Draft management representation letter
- C: Draft audit report
- D: Confirmation of our independence
- E: Other communications
- F: Current year updates, forthcoming accounting and other issues

Appendix A: Internal control conclusions

Other recommendations in internal control

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant control deficiencies but [will be/ have been] reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal control set out in this section to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

PPE Revaluations

Description of deficiency

In our testing of the underlying data used to calculate the value of assets, there was a delay in the Council being able to find and provide data to validate the floor areas used to support the valuations.

Potential effects

Without this information being saved in the Council working papers there is a risk that internal review of the valuations is not effective and may miss material errors.

Recommendation

The Council should maintain in its working papers, underlying data. This will ensure the review process is effective.

Management response

Some of the Council's assets were originally valued by the District Valuer (now the Valuation Office), a number of years ago. Unfortunately, floor area was not recorded on the valuation documents.

As part of the exercise undertaken by the Valuer for the Statement of Accounts each year, floor area is being added, but it will take some time to update all of the plans.

Appendix A: Internal control conclusions

Follow up on previous internal control points

We set out below an update on internal control points raised in prior periods.

Payroll Reconciliation

Description of deficiency

The Council did not prepare a reconciliation between the payroll system and the employee expenses in the general ledger and financial statements

Current year update:

The council has completed the payroll reconciliation for 2024/25.

Potential effects

There is a risk that payroll expenditure could be incomplete, or that items could be misclassified in the financial statements between employee expenses and other expenditure

37

Recommendation

The Council should prepare a year-end reconciliation between the employee expenses value in the financial statements, and the payroll system.

Management response

This reconciliation was omitted in error for 2023/24 following the retirement of a long-standing member of the finance team. This reconciliation will be performed throughout the year for 2024/25, and a year end reconciliation will be provided at audit.

Appendix B: Draft management representation letter

Forvis Mazars
Bank Chambers
26 Mosley Street
Newcastle Upon Tyne, NE1 1DF

Dear James Collins,

Bolsover District Council and Group - Audit for Year Ended 31 March 2025

This representation letter is provided in connection with your audit of the financial statements of Bolsover District Council the Council and Group for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance and Section 151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

I confirm that there is no information provided to you as part of the audit that I consider legally privileged.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of

transactions, other events or conditions on the Council and Group's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the Council and Group in making the accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance and s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council and Group involving:

Appendix B: Draft management representation letter

- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended applicable law.

I have disclosed to you the identity of the Council and Group's related parties and all related party relationships and transactions of which I am aware

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council and Group's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Council and Group has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and Group, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note 6 to the financial statements fairly reflects that assessment.

Tariffs

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in

respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note 6 to the financial statements fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council and Group's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council and Group's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Prior period adjustments

A prior period adjustment/reclassification was identified and impacted upon the figures in Group Financial Statements.

As a result, the prior period figures have been restated. I confirm that I have disclosed to you all the relevant information to support the prior period adjustment and its disclosure notes within the financial statements and I deem the disclosure to be complete and accurate to the best of my knowledge.

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,
Director of Finance and s151 officer

Appendix C: Draft audit report

At the time of drafting this Report the we intend to modify the audit report. The final wording is being drafted and approved and will be shared with Members in a follow up Letter.

76

Appendix D: Confirmation of our independence

We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.

77

Appendix E: Other communications

Other communication	Response
 Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
 External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> <li data-bbox="437 745 2488 779">they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and <li data-bbox="437 779 2488 812">they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
 Going Concern	<p>We have not identified any evidence to cause us to disagree with Director of Finance that the Council will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix E: Other communications

Other communication	Response
 Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
 Matters related to fraud 79	<p>Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. Please refer to the section titled 'Fraud considerations' for our fraud considerations and conclusion.</p> <p>We will obtain written representations from management and, where appropriate, Audit Committee, confirming that</p> <ol style="list-style-type: none"> they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> management; employees who have significant roles in internal control; or others where the fraud could have a material effect on the financial statements; and they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix E: Other communications

Other communication	Response
 System of Quality Management	<p>To address the requirements of ISQM (UK) 1, our firm's System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm's System of Quality Management, including:</p> <ul style="list-style-type: none">Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across LeadershipEstablishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and prioritiesIdentifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.)Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal control environment and overall qualityEvaluating responses and remediating control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.</p>

Contact

Forvis Mazars

James Collins

Director

Tel: 0191 383 6331

James.Collins@mazars.co.uk

80

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2024. All rights reserved.

forvis
mazars