

# Auditor's Annual Report

Bolsover District Council – year ended 31  
March 2022

February 2023



# Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM arrangements
- 04** Other reporting responsibilities

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales

# 01

## Section 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 2022. 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 our audit report on 28 November 2022. Our opinion on the financial statements was unqualified.



### Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



### Value for Money arrangements

In our audit report issued we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements.



### Wider reporting responsibilities

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.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# 02

Section 02:

**Audit of the financial statements**

## 2. Audit of the financial statements

### The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (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 2022 and of its financial performance for the year then ended. Our audit report, issued on 28 November 2022 gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

### Qualitative aspects of the Council's accounting practices

We reviewed the Council's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

### Level of misstatements

We report any errors or misstatements above a trivial threshold (£40k) identified from our work to the Governance & Standards Committee in our Audit Completion Report.

For 2021/22, we reported a misstatement in the pension liabilities balance. Management has opted not to adjust this misstatement because the value is below materiality and thus the financial statements are fairly presented.

### Management co-operation during the audit

We had positive co-operation from management during the audit and in particular want to thank the Assistant Director of Finance and Resources and the Principal Accountant for their support throughout.

### Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we considered the internal controls in place relevant to the preparation of the financial statements in order 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 internal control or to identify any significant deficiencies in their design or operation.

Our detailed findings and recommendations were included in the Audit Completion Report to the Council's Governance & Standards Committee, confirming there were no 'high' priority recommendations with potential for financial loss, damage to reputation or loss of information that may have implications for the achievement of business strategic objectives for immediate implementation.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

## 2. Audit of the financial statements

### Main financial statement audit risks and findings

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment. Following the risk assessment, we identified risks relevant to the audit of financial statements and the significant audit risks and conclusions reached are set out below:

Audit Risk	Level of audit risk	How we addressed the risk	Audit conclusions
<p><b>Management override of controls</b></p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p>	<p><b>Significant risk:</b> an area that, in our judgment, requires special audit consideration.</p>	<p>We addressed the risk through performing work over accounting estimates, journal entries and considering whether there were any significant transactions outside the normal course of business or otherwise unusual. In addition, we made enquiries of management and used our data analytics and interrogation software to extract accounting journals for detailed testing on specific risk characteristics.</p>	<p>There are no significant matters to report in respect of management override of controls.</p>
<p><b>Valuation of land &amp; buildings and investment properties and council dwellings</b></p> <p>The valuation of these properties is complex and is subject to a number of management assumptions, judgements and a high degree of estimation uncertainty covering:</p> <ul style="list-style-type: none"> <li>• Council dwellings (£244,2m – Note 11)</li> <li>• Other Land &amp; Buildings (£17,6m - Note 11)</li> <li>• Surplus Assets (1,5m – Note 11)</li> <li>• Investment Properties (£5,5m – Note 12)</li> </ul>	<p><b>Significant risk</b></p>	<p>Our procedures to address this risk included, but was not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends;</li> <li>• critically assessing the approach that the Council adopts to ensure assets that are not subject to revaluation in 2021/22 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council’s valuers;</li> <li>• testing a sample of individual valuations, back to source records to ensure appropriateness and to gain assurance over whether the correct accounting treatment has been applied; and</li> <li>• to address the prior period errors we have reviewed the work performed by the values through inspecting supporting evidence and for further assurances we have tested the final values against relevant indices.</li> </ul>	<p>There are no significant matters to report in respect of valuation of land, building and dwelling assets.</p>
<p><b>Valuation of the net pension liability</b></p> <p>The defined benefit liability relating to the Local Government pension scheme represents significant balances on the Council’s balance sheet. The Council relies on an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk of misstatement in this area.</p>	<p><b>Significant risk</b></p>	<p>Our procedures to address this risk included, but was not limited to:</p> <ul style="list-style-type: none"> <li>• liaising with the auditors of the Derbyshire Pension Fund to gain assurance that the controls in place at the Pension Fund are designed and implemented correctly. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;</li> <li>• reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuaries, and the key assumptions included within the valuations. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office</li> </ul>	<p>There are no significant matters to report in respect of valuation of net pension liability.</p>

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# 03

Section 03:

**Commentary on VFM arrangements**



### 3. Commentary on VFM arrangements

#### Overall summary



# 3. 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 staff and directors

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.

### 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 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 outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

Introduction




Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# 3. VFM arrangements – Overall summary

## Overall summary by reporting criteria

Reporting criteria	2020/21 Actual significant weaknesses identified?	2021/22 Commentary page reference	2021/22 Identified risks of significant weakness?	2021/22 Actual significant weaknesses identified?	2021/22 Other recommendations made?
 Financial sustainability	No	13	No	No matters arising in 2021/22.	No
 Governance	No	16	No	No matters arising in 2021/22.	No
 Improving economy, efficiency and effectiveness	No	19	No	No matters arising in 2021/22.	No

# 3. VFM arrangements – Overall summary

## Context of the Auditor’s Annual Report

Our Auditor’s Annual Report summarises the work we have undertaken as the auditor for Bolsover District Council for the year ended **31 March 2022**, where at the time of reporting in November 2022, we recognise that the social, political and economic environment has changed and local government is facing significant challenges including:

- **Cost of Living:** With most people experiencing financial pressure, spending habits are changing. High energy costs and increasing food prices have impacted on levels of disposable income. With wage (and potentially benefit) increases failing to keep pace with inflation, more people will be facing hardship.
- **Added budget pressures:** With inflation soaring, the cost of goods, services and resources are becoming more expensive. Local authorities are not immune to the increasing cost of energy supply, although the government announcements on energy caps help, many local authorities are still facing higher costs. Local authorities typically budget for modest salary increases year on year, but expectations and demands on salary increases have changed and consideration on how they are to be funded is required.
- **Cost of Borrowing:** The Bank of England base rate has risen to 4% in February 2023 meaning that the cost of borrowing for capital projects has increased significantly.
- **Contractors and Suppliers:** The cost-of-living crisis has resulted in business failures. Although government support has been announced, some businesses will continue to struggle, with a greater risk of supplier failure. Supply failures anywhere in the supply chain will have a knock-on effect.
- **Service Delivery:** Any budget reductions and savings plans are going to impact the ability of local authority services to maintain levels of delivery, particularly at a time of increased demand.

We maintain a watching brief over the key issues facing Bolsover District Council and, should we identify a risk of significant weakness in arrangements, will follow the process as described in section 3 to promptly raise these with management and issue any reports to the Audit and Corporate Overview Scrutiny Committee as part of our audit for the year ending 31 March 2023.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities

# 3. VFM arrangements

## Financial Sustainability

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





# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

### Position brought forward from 2020/21

As set out in the table above, there are no indications of a significant weakness in the Council’s arrangements for financial sustainability brought forward from 2020/21. At the end of 2021 the council’s usable reserves were held at £50.4m and this was an improvement of £6.1m from the previous year. These reserves served as means to mitigate future financial challenges and support savings and efficiencies plans.

### 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 2021/22. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Council’s service users. We also note that in December 2021, the Assistant Director of Finance and Resources submitted a revised Medium Term Financial Plan which incorporated changes to the original budget. The main variance between the original and revised budget was less than £0.067m and this is indicative of the precision in budget setting and governance by the Council.

These arrangements are in line with what we would expect for a district Council and we did not identify any significant weaknesses in arrangements.

### 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, we are satisfied that the Council’s arrangements for budget monitoring remain appropriate, including quarterly reporting to Members and well established arrangements for year-end financial reporting.

As part of our audit process, we reviewed Revenue And Capital Outturn Position for 2021/22. we noted that for Capital Expenditure the council has a total spend of £15.546m, the budget for 2021/22 was set at £22.358m. The slippage has been carried forward to 2022/23.

Through review of the general fund budget the Council had anticipated a shortfall of £82k, however at year end the council had a saving of £1.170k. The savings were mainly due to additional income from council tax and reduced cost staff related costs. The Council made a further saving via the HRA outturn of £0,387m as opposed to the budgeted saving of £0,006m. The main saving was also due to staff costs saving as well as additional rent income.

The Council’s financial outturn does not present us with any significant concerns relating to financial planning and monitoring arrangements.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

### Financial Statement performance 2021/22

We carried out a high level analysis of the audited financial statements, including the Comprehensive Income and Expenditure Statement, the Balance Sheet and Movement in Reserves Statement. The Council's balance sheet position does not highlight any concerns. The Council's usable reserves have declined by £1.792m from £50.419m to £48.627m in 2021/22, with:

- General Fund & Earmarked Reserves of £26.375m, up from £25.785m in the prior year
- HRA Reserve of £13.886m, down from £17.460m in 2020/21
- Capital Reserves of £8.955m, up from £6.583m in 2020/21.

Based on our review, the Council's reserves position does not indicate a risk of significant weakness in VFM arrangements for financial sustainability and provides some mitigation against future financial challenges, and will assist in addressing future volatility and support savings and efficiencies plans. The Council will need to continue to ensure that any use of reserves to smooth the financial position over the next few years is properly planned and the use of reserves cannot be relied on to provide a long term solution to funding gaps.

### Arrangements for the identification, management and monitoring of funding gaps and savings

The Medium Term Financial Plan (MTFP) is a current plus four year plan ending 2025/26 which sets out the Council's commitment to provide services that meet the needs of people locally and that represent good value for money within the overall resources available to it. A key part of the strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to both capital and revenue spending as well as assessing sufficient reserves and provisions are held for past and unknown events which may impact on the Council's resources.

The MTFP is prepared alongside other plans and strategies (for example the workforce planning and Capital

and Investment Strategies) and there is a process in place for challenging any growth items and agreeing the achievability of planned savings.

### The Council's arrangements and approach to financial planning 2022/23

We reviewed the Medium Term Financial Plan (MTFP) set from 2021/22 to 2025/26. The key part of the plan is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to both capital and revenue spending as well as assessing sufficient reserves and provisions are held for past and unknown events which may impact on the Council's resources. All capital slippage for 2021/22 has been transferred to 2022/23. The original budget shows that the council will have a surplus in 2023.

In November 2022, the Council presented a revised budget for 2022/23 where the Council has reported a saving of £0.082m which is largely in line with original budget.

**Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability for the year ended 31 March 2022.**

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities

### 3. Commentary on VFM arrangements

#### Governance

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





# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

### The Authority’s governance structure

The Council has an established risk management framework and systems in place which are built into the governance structure of the organisation. There is an updated and approved Risk Management Strategy which includes the Council’s approach, guidance, the Council’s risk appetite and roles and responsibilities. There is a Risk Management Group in place, chaired by the appropriate Cabinet member, which includes relevant senior managers. The group oversees all the Council’s operational and strategic risk registers and provides challenge as part of the process. The Group provides regular reports to the Audit and Corporate Overview Scrutiny Committee to provide assurance on the risk management arrangements in place and confirm that they are regularly reviewed and are working effectively. These arrangements are consistent with what we would expect at a local authority and are adequate for the Council’s purposes.

### 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 an annual Internal Audit plan which is agreed with management at the start of the financial year and is reviewed by the Audit and Corporate Overview Scrutiny Committee prior to final approval.

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 2020/21 and 2021/22 and confirmed they are consistent with the risk based approach.

Internal Audit progress reports are presented to each Audit and Corporate Overview Scrutiny Committee meeting including follow up reporting on recommendations from previous Internal Audit reports. 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 Internal Audit Consortium provides an opinion based on the work completed during the year. For 2020/21 the Internal Audit Consortium 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 and Corporate Overview Scrutiny 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.

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

### Arrangements for budget setting and budgetary control

The Council has an established set of arrangements in place for budget setting and control. The process is set out and approved through the Constitution, which encompasses the budget setting rules and financial procedures. The framework includes:

- Clear responsibilities, including the role of the CFO in leading the budget setting process and providing professional advice, and the reservation of the approval of the Budget to the Council
- Budget setting guidance to managers, with the process normally starting in August to get an early understanding of the key relevant factors and future budget requirements. Although existing budgets are in most cases used as a basis determining the next year’s estimates they are not merely rolled forward with early challenge to staff number assumptions and growth and savings proposals.
- Close working between the finance team and with external advisors and neighbouring councils to agree the key budget assumptions, which are challenged and agreed through the budget review process by the Senior Leadership Team, Audit and Corporate Overview Scrutiny Committee, Executive and Council.

Following approval of the budget, budget monitoring commences to monitor progress against targets. Budget monitoring responsibilities of budget holders are documented and they are supported in this role by the finance team. Budget monitoring reports are produced on a monthly basis and there are regular meetings held, including finance team members, to discuss the financial performance and forecasts. There are rules in place regarding the reporting of budget variances and budget changes.

The Council also ensures that Quarterly Financial performance monitoring reports are presented to the Executive and under the updated committee arrangements to the Audit and Corporate Overview Scrutiny Committee. The reports cover General Fund and Housing Revenue Account spend and income to date and forecast against budget, Capital Programme progress and Treasury Management activities. and forecast significant variations are investigated and reported on, together with any corrective action being taken. Our review of the relevant meeting minutes confirmed there was challenge and scrutiny of the process.

We have reviewed the budget setting arrangements through observation and discussions with Officers and no matters have been identified indicating a significant weakness in arrangements.

We have reviewed minutes of meetings and the year end financial outturn reports presented to the Executive during the year as well as the narrative statement to the financial statements. These are indicative of good budget setting and monetary control. In addition, we have reviewed capital expenditure as presented in the financial statements with no issues arising from our testing of additions.

**Overall, we have not identified any indicators of a significant weakness in the Council’s arrangements relating to the Governance criteria for the year ended 31 March 2022.**

### 3. Commentary on 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



# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

The Council has in place 2020-2024 Ambition which encompasses its vision to become a dynamic, self-sufficient and flexible Council that delivers excellent services, whilst adapting to local aspirations and acting as the economic and environmental driver for Bolsover District. To achieve this, the Council has three aims designed to deliver this vision through priorities that cover the Council Ambition 2020-2024 and these are related to Customers, Economy and the Environment.

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 subject to initial 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. There is quarterly reporting to the Audit 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. We are satisfied with scrutiny done on these reports we also note that there are no issues noted by the Head of the Internal Audit Consortium that would give rise to suspicions that there may be performance issues.

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 21/22 have been reviewed and confirmed that this was inline 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 2021/22 year and any significant variances have been justified. Overall, we believe there is sufficient evidence to demonstrate adequate arrangements for performance monitoring and management at the Council.

We identified one significant change in the Council’s partnership and group structure where the council has made the decision to dissolve its joint venture with Woodhead Regeneration and acquired Dragonfly Development Limited as a wholly owned company. We note that this decision was made in the financial year 2022/23 and this purchase will be reviewed further in our audit for 2022/23.

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.

**Overall, we have not identified any indicators of a significant weakness in the Council’s arrangements relating to the Improving Economy, Efficiency and Effectiveness criteria for the year ended 31 March 2022.**

# 04

Section 04:

**Other reporting responsibilities and  
our fees**



## 4. Other reporting responsibilities and our fees

### 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 National Audit Office (NAO) in respect of Whole of Government Accounts (WGA) consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have not received the instructions from the NAO and therefore this work remains incomplete.

## 4. Other reporting responsibilities and our fees

### Fees for 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. Having substantially completed our work for the 2021/22 financial year, we can confirm that our fees are as follows:

Area of work	2020/21 fees	2021/22 fees	2022/23 Scale Fee
Scale fee in respect of our work under the Code of Audit Practice	£38,046	£38,046	£47,458
Additional cost in respect of:			
• Additional testing on IAS19 Pension Liabilities*	£2,998	£3,300	N/A – included in the scale fee
• Additional testing on valuation of land, buildings, council dwellings and investment properties*	£4,068	£4,500	N/A – included in the scale fee
<b>Comparable fee</b>	<b>£45,112</b>	<b>£45,846</b>	<b>£47,458</b>
Additional costs arising from:			
• Additional work from the introduction of new auditing standards (ISA 540 Estimates)	£2,016	£2,900	TBC
• Other additional testing	£1,188	-	
Additional cost in respect of the new VFM approach	£9,293	£7,500	TBC
<b>Total fees</b>	<b>£57,609</b>	<b>£56,146</b>	<b>TBC</b>

\*The scale fee for 2022/23 has been uplifted to take into account a permanent increase for pension testing and testing of land & buildings

Fee variations subject to PSAA approval process.

### Fees for other work

We confirm that we have undertaken one assurance related service for the Council in the year: Assurance return on the pooling of housing capital receipts for £4,000

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# Mark Surridge

## Mazars

2 Chamberlain Square

Birmingham

B3 3AX

Tel: +44 (0)121 232 9600 / Mobile: +44 (0)7875 974 291

[mark.surridge@mazars.co.uk](mailto:mark.surridge@mazars.co.uk)

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.