

Audit Completion Report

Bolsover District Council – Year ended 31
March 2023

27 November 2023



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Audit Committee
Bolsover District Council
The Arc
High Street
Clowne
Derbyshire
S43 4JY

20 November 2023

Dear Committee Members

Audit Completion Report – Year ended 31 March 2023

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 27 June 2023. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on james.collins@mazars.co.uk

Yours faithfully

Signed: 
[James Collins \(Nov 21, 2023 11:04 GMT\)](#)

James Collins

Mazars LLP

Mazars LLP
The Corner
Newcastle
NE1 1DF

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2022/23 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- valuation of Property, Plant and Equipment & Investment Property (significant risk);
- valuation of net defined benefit liability (significant risk);
- management override of controls (significant risk); and
- acquisition of Dragonfly Development Limited (enhanced risk).

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2023. At the time of preparing this report, significant matters remaining outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for money arrangements

Work on Value for money is still ongoing. Further detail on our Value for Money work is provided in section 7 of this report.



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.



Wider 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. For the year under audit we have received an objection from a local elector and we are still considering the evidence.





02




Section 02:

Status of the audit

2. Status of the audit

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

| Audit area | Status | Description of the outstanding matters |
|--|---|---|
| Land, Buildings and Investment properties |  | Evidence supporting the values disclosed in the accounts is yet to be reviewed, further queries may arise from this |
| Pensions |  | Part of our assurance over the net pensions liability is derived from specified procedures commissioned from the external auditors of the Derbyshire Pension Fund. We are yet to receive their final report for our consideration and completion of the testing required |
| Whole Government Accounts |  | NAO Group Instructions for local authority audits are not yet available and WGA returns and audit certificates cannot be issued at the present time. We provide more information on this matter at page 14. |
| Audit Quality Control and other Completion Procedures including the Disclosure Checklist |  | Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including review of revised financial statements, updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations. |

-  Likely to result in material adjustment or significant change to disclosures within the financial statements.
-  Potential to result in material adjustment or significant change to disclosures within the financial statements.
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements.



03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in June 2023. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £1.284m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements is £1.405m using the same benchmark

Reliance on internal audit

As part of our audit, we have not relied on the work of the internal audit however as included in our Audit Strategy Memorandum we have made enquiries with internal audit and reviewed the Head of Internal Audit Report which informed the nature, extent and timing of our audit procedures.

Use of experts

In our Audit Strategy Memorandum we identified the following experts planned to be used by management in preparing the financial statements, and by ourselves in carrying out our audit. There are no changes to the planned approach or matters arising to report.

| Item of account | Management's expert | Our expert |
|---|---|--|
| Property, Plant and Equipment & Investment Properties | Internal valuer Roger Owen FRICS and RICS Registered Valuer | None. We may utilize third party evidence provided via the NAO to support our challenge of valuation assumptions. |
| Pensions | Hymans Robertson Actuary for Derbyshire Pension Fund (LGPS) | PwC LLP (Consulting actuary appointed by the National Audit Office). |
| Financial Instrument disclosures | Arlingclose Treasury management advisors | None. |
| Business Rates Appeals Valuation | Inform CPI Ltd | None |

Service organisations

International Auditing Standards (UK) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. In our Audit strategy Memorandum we reported that we had not identified any service organisations which were relevant to the Council. This is still the case and there are no changes to the planned approach or matters arising to report



04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 8 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

| Management override of controls | Description of the risk |
|---------------------------------|--|
| | <p>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.</p> |
| | <p>How we addressed this risk</p> <p>We addressed this risk by carrying our audit work in the following areas:</p> <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 or that are otherwise unusual; and• journals recorded in the general ledger (selected based on our fraud risk characteristics) and other adjustments made in preparation of the financial statements. |
| | <p>Audit conclusion</p> <p>Our work has provided the required assurance, and we have no matters to report.</p> |

4. Significant findings

| | |
|--|---|
| Net defined benefit liability valuation | <p>Description of the risk</p> <p>The Council's accounts contain material liabilities relating to the local government pension scheme. The Council uses 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 in this area.</p> |
| | <p>How we addressed this risk</p> <p>Our planned procedures include:</p> <ul style="list-style-type: none"> • Critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary, Hymans Robertson LLP; • Liaising with the auditors of the Derbyshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This includes 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 to 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 includes comparing them to expected ranges, utilising information provided by PwC, the 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 and disclosures in the Council's financial statements. |
| | <p>Audit conclusion</p> <p>As detailed in section 2 our work on this area is ongoing. We are currently awaiting an assurance letter from the pension fund auditors. We will detail our conclusions in a Follow Up letter once the required assurances have been obtained.</p> |

| | |
|--|--|
| Valuation of other buildings of other land & building and dwellings | <p>Description of the risk</p> <p>The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment and assets held for sale, with the majority of land and building assets required to be carried at valuation. Due to high degree of estimation uncertainty associated with those held at valuation, we have determined there is significant risk in this area</p> |
| | <p>How we addressed this risk</p> <p>We have:</p> <ul style="list-style-type: none"> • Critically assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; • Considered whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; • Assessed whether valuation movement are in line with market expectations by reference to alternative sources of valuation data to provide information on regional valuation trends; • Critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice; and • Critically assessed the approach that the Council adopts to ensure that assets not subject to revaluation in 2022/23 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Councils valuer |
| | <p>Audit conclusion</p> <p>Subject to conclusion of the work as detailed in section 2 we have no matters to report.</p> |

4. Significant findings

Enhanced Risk

| | |
|---|---|
| Acquisition of Dragonfly Development Limited | Description of the management judgement In October 2022, the Council acquired a wholly owned subsidiary, Dragonfly Development Limited, which was previously held as a joint venture. The Council has not produced group accounts in 2023 as the subsidiary has been assessed as immaterial. Due to the complexity in accounting for acquisition of interest in companies or other entities, this transaction has been highlighted as an enhanced risk. |
| How our audit addressed this area of management judgement | |
| We have: <ul style="list-style-type: none">• reviewed the transaction and accounting treatment made in reporting the acquisition; and• reviewed the judgements made by the Council in arriving at the conclusion not to produce group accounts for the 2022/23 financial year. | |
| Audit conclusion | |
| Though the treatment of the transaction in the accounts was not consistent with the accounting framework, this has not resulted in material misstatements. Further recommendations have been made to management, please see section 5 of this report. | |

4. Significant findings

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022,

Draft accounts were received from the Council on 30 May 2023 and were of a good quality.

Significant matters discussed with management

During our audit we communicated the following significant matters to management

Treatment of Works completed on behalf of Elmton with Cresswell Parish Council

We have had a discussions with management regarding disclosures in the accounts. One matter has resulted in a material adjustment on the accounts. This relates to the project undertaken by the Trust on behalf of Elmton with Cresswell Parish Council in building the new Cresswell Leisure Centre which was recognised as revenue expenditure which qualifies as capital under statute (REFCUS). A material adjustment has been made in the accounts. The adjustment can be seen in section 6 of this report.

Reinforced Autoclaved Aerated Concrete (RAAC)

Safety concerns relating to the use of RAAC have been widely reported and local authorities have been required to assess their asset portfolio. We have considered the Council's response to the RAAC issue and considered its conclusion that there was no requirement for a provision or impairment in its 2022/23 accounts. We have considered the Council's assessment and consider it appropriate, based on the information provided by management.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

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;
- make an application for judicial review; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2022/23 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.

We received a statutory objection from a local elector and work on this is currently ongoing. We have considered the evidence provided by both the local elector and Council. We hope to issue our Statement of Reasons shortly. At this stage we have no matters to bring to Members attention.

05

Section 05:

Internal control recommendations

5. Internal control recommendations

As part of our audit of the financial statements, we obtained an understanding of internal controls sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to audit committee any significant deficiencies identified during the course of our work.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have 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.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that 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 be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

| Priority ranking | Description | Number of issues |
|-------------------|--|------------------|
| 1 (high) | In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately. | 0 |
| 2 (medium) | In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future. | 1 |
| 3 (low) | In our view, internal control should be strengthened in these additional areas when practicable. | 0 |

5. Internal control recommendations

Significant deficiencies in internal control – Level 2

Disclosure of investment in subsidiary in separate accounts

Description of deficiency

The Council holds its investment in subsidiary at fair value through profit and loss in its single entity accounts. Through review of this area during the audit we noted that despite the Council’s accounting policy the Council has not performed fair valuation of its investment in Dragonfly Development Ltd as at 31 March 2023. The investment has been disclosed at cost (£364k0. Based on our review and nature of the investment, we note that the value disclosed is not materially different to what would be considered the fair value of the subsidiary.

Potential effects

Non-compliance with the Council’s accounting policy could lead to a material misstatement in the accounts.

Recommendation

The Council should ensure that the subsidiary is fairly valued at each reporting date. This assessment should be clearly documented, and the assumptions used should be readily available for audit.

Management response

The process of valuing Dragonfly Development Ltd at 31st March 2024, has been added to the financial services year-end timetable to ensure this oversight is not repeated for the financial year 2023/24.

5. Internal control recommendations

Follow up on previous internal control points

Evidence not kept by valuer to support valuations of beacon properties – Level 2

Description of deficiency

During the audit we noted that the valuer had not kept evidence to that supported his conclusion on council dwellings valuation.

Potential effects

Inability to verify the evidence by the audit could lead to a modified audit report.

Recommendation

The valuer should ensure that all supporting evidence and workings supporting all his valuations conclusion and make it available to the auditors on request.

2022/23 Update

Our work in 2022/23 has not identified any matters to report

Housing benefits not in accordance with Government website – Level 3

Description of deficiency

We have reviewed housing benefits against per the clients screenshot against the Gov site and found that one value that did not agree to the site.

Potential effects

Incorrect benefits are being paid out which could result unnecessary additional costs for the council.

Recommendation

The employee responsible for updating housing benefits should ensure that this is in line with government rates.

2022/23 Update

Our work in 2022/23 has not identified any matters to report.

Executive summary

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misstatements

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06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £42k. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

Our audit work did not identify any unadjusted misstatements.

6. Summary of misstatements

Adjusted misstatements

| | | Comprehensive Income and Expenditure Statement | | Balance Sheet | |
|---|--|--|--------------|---------------|--------------|
| | | Dr (£'000) | Cr (£'000) | Dr (£'000) | Cr (£'000) |
| 1 | Dr: General Fund Cr: Capital Receipts Reserves | | | 63 | |
| | Dr: PPE (AUC Additions) Cr: CIES | | 63 | 63 | 63 |
| | Assets Under Construction incorrectly classified as REFCUS | | | | |
| 2 | Dr: Revaluation Reserve | | 175 | | |
| | Cr: Property, Plant and Equipment (Other Land and Buildings) | | | | 175 |
| | Adjustments due to overstatement in revaluation of property. | | | | |
| 3 | Dr: General Fund Cr: Capital Receipt Reserves | | | 1,272 | |
| | Dr: CIES – Grants and Capital contributions Cr: CIES - Deferred charges | 1,272 | 1,272 | | 1,272 |
| | Correction of the cost incorrectly recorded as REFCUS in relation to an agency arrangement with Elmton Creswell Parish Council in managing the building of a leisure centre. | | | | |
| | Total adjusted misstatements | 1,272 | 1,335 | 1,573 | 1,510 |

6. Summary of misstatements

Disclosure amendments

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

- **Note 33, Related parties:** The following related parties were initially omitted by the Council and management has agreed to amend this disclosure
 - North - East Derbyshire District Council
 - Elmton with Creswell Parish Council (Receipts – 0.506m, Payments -£2.687m)
- **Note 16, Capital Commitments:** Capital commitments have been adjusted for accruals which were incorrectly included in the balance disclosed. An adjustment of £0.620m has been reflected in the revised disclosure.
- The Council acted as an agent on behalf of Elmton with Creswell Parish Council in building a leisure centre. The recovered costs of £1.272m was incorrectly included in REFCUS. This had been adjusted in the accounts – see previous page.
- **Note 14, Financial Instruments:** An error in financial instruments disclosure was amended where loans commitments for Dragonfly Development Ltd were incorrectly disclosed £1.139m instead of £0.721 (£1.753m instead of £1.267m PY)
- **Note 30, Officer's Remuneration:** Amendments were made within note 30, Officers remunerations where pension contributions were erroneously included in officers' remuneration for officers earning more than £0.050m excluding senior employees
- **Note 43, HRA Valuation of Assets:** The value of other equipment recorded in note 43 had been incorrectly recorded as £0.485m instead of £0.739m

07

Section 07:

Value for money arrangements

7. Value for money arrangements

Our approach

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.

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.

To date no significant risks or material weaknesses have been identified.

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.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report within three months of signing the audit report.

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2023. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Council's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in within three months of signing the audit report.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

Mazars LLP
The Corner,
Newcastle,
NE1 1DF

Dear Sirs

Bolsover District Council - audit for year ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of Bolsover District Council (the Council) for the year ended 31 March 2023 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 2022/23 (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 ourselves 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 and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

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

I confirm as Director of Finance 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.

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 the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

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 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 and applicable law.

Appendix A: Draft management representation letter

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 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 Corporate Services for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

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 involving:
 - 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'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 to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council'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.

Reinforced Autoclaved Aerated Concrete

I confirm the Council has assessed the potential impact of Reinforced Autoclaved Aerated Concrete on the Council, and in particular whether there are indications of a need for an impairment of the Council's property, plant and equipment balances. I confirm there are no such indications of impairment in those assets.

Charges on assets

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

Future commitments

I am not aware of any 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 and 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.

Brexit

I confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Ukraine

I confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Account fairly reflects that assessment.

Banking crisis

I confirm that we have assessed the impact on Bolsover District Council of the on-going Global Banking challenges, in particular whether there is any impact on the Council's ability to continue as a going concern, and on the post balance sheet events disclosures.

We confirm that our exposure where applicable (either direct cash exposure or direct / indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

Appendix A: Draft management representation letter

Going concern

To the best of my knowledge there is nothing to indicate that the Council 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'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's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements and internal control recommendations

I confirm that the effects of the uncorrected misstatements and internal control recommendations set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Director of Finance

Appendix B: Draft audit report

Independent auditor's report to the Members of Bolsover District Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Bolsover District Council ("the Council") for the year ended 31 March 2023, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern.

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

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

Other information

The Director of Finance is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Appendix B: Draft audit report

Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of the Responsibilities for the Statement of Accounts, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

We evaluated the Director of Finance's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

Appendix B: Draft audit report

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

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

Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception.

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Appendix B: Draft audit report

Use of the audit report

This report is made solely to the Members of Bolsover District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed :

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack;
- our work on an objection raised in relation to the Council's financial statements for the year ended 31 March 2023; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

[Signature]

James Collins

Key Audit Partner
For and on behalf of Mazars LLP

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF





[Insert date]

Appendix C: Independence



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

Appendix D: Other communications

| Other communication | Response |
|---|---|
|  <p>Compliance with Laws and Regulations</p> | <p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. Or detail significant matters identified.</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> |
|  <p>External confirmations</p> | <p>We did not experience any issues with respect to obtaining external confirmations.</p> |
|  <p>Related parties</p> | <p>We did identify some omission in relating to the audit of related parties. This has been documented in section 6 of the audit file.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework. |
|  <p>Going concern</p> | <p>We have not identified any evidence to cause us to disagree with the Director of Finance that Bolsover District Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</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 D: Other communications

| Other communication | Response |
|--|---|
|  <p>Subsequent events</p> | <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> |
|  <p>Matters related to fraud</p> | <p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and Audit Committee, confirming that</p> <ul style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. 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; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. 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. |

James Collins

Mazars

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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.

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