



# Audit Progress Report Bolsover District Council

July 2024

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Audit progress

# Audit progress

## Purpose of this report

This report provides the Audit Committee with information about progress in delivering our responsibilities as external auditors for the Council.

Prior to the calling of the general election on 4 July 2024, the Department of Levelling Up, Housing and Communities ('DLUHC') had consulted on proposed arrangements which would implement a 30 September 2024 backstop date for all audits for the 31 March 2023 financial year and earlier, where these are not yet complete. Similar dates were being considered to bring the backstop date forward each year for the next five years. These considerations are now on hold until after the election.

The Council published its 2023/24 draft financial statements on 03 July 2024. We had agreed with management to start the 2023/24 audit by the end of September 2024

We set out over the page a summary of our engagement and responsibilities as your auditor.

## Forvis Mazars

We are delighted to introduce you to Forvis Mazars: our new global Top 10 network. Launching on 1 June 2024, Forvis Mazars has been designed for and around our clients. As a network of just two firms, and operating in over 100 countries, Forvis Mazars has been built with the scale, capacity, and expertise to support our clients' needs worldwide.

Our branding and our email addresses will be updated to reflect the new network, but otherwise we do not expect any changes of substance to affect our engagement with the Council.

Further information on Forvis Mazars can be found here: [Forvis Mazars Accountants - Audit, Tax and Advisory Services - United Kingdom](#)

# Progress Report

## Our engagement and responsibilities summary

### Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit Committee, as Those Charged With Governance, of their responsibilities.

The Section 151 officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists; and
- b) consider the appropriateness of the section 151 officer's use of the going concern basis of accounting in the preparation of the financial statements.

### Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management [include Internal audit, other key individuals where relevant] as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.



### Internal controls

Management is responsible for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal controls relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.

### Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

### Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.

02

National publications

# National publications

	Publication/update	Key points
<b>Chartered Institute of Public Finance and Accountancy ('CIPFA')</b>		
1	CIPFA Bulletins	CIPFA have issued two Bulletins to provide further guidance on the financial reporting requirements.
2	Code of Practice on Local Authority Accounting in the UK 2024/25	Code of Practice for 2024/25 financial statements
3	IFRS16 Leases: A Guide for Local Authority Practitioners 2023 Edition	Guidance for Local Authorities in implementing IFRS16, lease accounting
<b>National Audit Office ('NAO')</b>		
4	NAO insight: Digital transformation in government: a guide for senior leaders and audit and risk committees	The NAO has published a guide for senior leaders and audit and risk committees on Digital transformation in government. The guide can support those tasked with overseeing large-scale digital change to understand the core issues and pitfalls to avoid.
5	NAO report: Non-executive appointments	Non-executive directors ('NEDs') make an important contribution to the running of government. However, the government must do more to ensure the best quality of candidates are recruited.
6	Whole of Government Accounts 2021-22	The NAO has completed its audit of the Whole of Government Accounts 2021-22
7	NAO report: Use of artificial intelligence in government	The NAO has published a report considering how effectively the government has set itself up to maximise the opportunities and mitigate the risks of Artificial Intelligence (AI) in providing public services
<b>Department for Levelling Up, Housing and Communities ('DLUHC')</b>		
8	Addressing the local audit backlog in England: Consultation	This consultation seeks views on amending the Accounts and Audit Regulations 2015 as part of a package of cross-system measures to clear the backlog and put the system on a sustainable footing. The consultation closed on 7 March 2024.
<b>Other</b>		
9	Forvis Mazars – Preparing for the Procurement Act 2023	The Procurement Act 2023 is set to transform the procurement procedures for public sector bodies. Our latest article provides an in-depth overview of the new Procurement Act.
10	Forvis Mazars – Understanding the new 'Failure to Prevent Fraud' Offence in a Public Sector context	The UK Government has recently announced a new corporate criminal offence – the 'failure to prevent fraud' offence – within the Economic Crime and Corporate Transparency Act 2023.
11	Office for Local Government (Oflog): consultation on draft Corporate Plan 2024 to 2027	Consultation on corporate plan for the new Office for Local Government

# National publications

## CIPFA

### 1. CIPFA Bulletins

Bulletins issued by CIPFA, with the assistance of CIPFA panels, provide practitioners with topical guidance on specific issues and accounting and reporting developments. CIPFA has issued the following Bulletin's in recent months:

#### CIPFA Bulletin 17 Closure of the 2023/24 Financial Statements

This bulletin covers the closure of accounts for the 2023/24 year and provides further guidance and clarification to complement the 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners (Code Guidance Notes). It addresses, where relevant, frequently asked questions and other issues that have arisen since the publication of the 2023/24 Code Guidance Notes.

Link: [CIPFA Bulletin 17 Closure of the 2023/24 Financial Statements](#)

#### CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement

CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement is intended to provided clarity to those authorities with at least one set of unaudited financial statements for prior years, and their external auditors, on the update of the annual governance statement ('AGS').

Link: [CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement](#)



# National publications

## CIPFA

### **2. Code of Practice on Local Authority Accounting in the UK 2024/25**

CIPFA has published its 2024/25 Code of Practice. This 2024/25 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2024.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. The Code applies to local government organisations across the UK including local authorities, police bodies, fire services and other local public service bodies.

This edition of the Code introduces mandatory adoption of IFRS 16 Leases. Other amendments include:

- a suggestion that narrative reporting could reflect on the risk that a Section 114 notice might be issued
- recent changes to the IFRS treatment of sale and leaseback arrangements
- specifying the treatment on initial application of IFRS 16 where service concession arrangements provide for variable payments that depend on an index or rate.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202425-online>

### **3. IFRS16 Leases: A Guide for Local Authority Practitioners 2023 Edition**

This publication provides guidance on IFRS 16 Leases for 2022/23, which is applicable to those authorities deciding to voluntarily implement the requirements of Appendix F of the Code (which includes the specifications applicable to those entities implementing IFRS 16 as of 1 April 2022). It will also be of interest to those intending to apply as of 1 April 2023 and those mandatorily implementing as of 1 April 2024.

This guidance on IFRS 16 provides comprehensive coverage of the proposed requirements for lessees. Although there have not been significant changes to the requirements for lessors, the guidance also includes extensive commentary on this area.

<https://www.cipfa.org/policy-and-guidance/publications/i/ifrs-16-leases-a-guide-for-local-authority-practitioners-2023-edition>

# National publications

## NAO

### **4. NAO insight: Digital transformation in government: a guide for senior leaders and audit and risk committees**

The NAO has published a guide for senior leaders and audit and risk committees on Digital transformation in government. The guide can support those tasked with overseeing large-scale digital change to understand the core issues and pitfalls to avoid. The guide identifies seven areas where the more persistent obstacles stand in the way of successful digital transformation in government and have grouped them into three themes:

- constraints of the existing environment;
- under-estimating the scope of early work; and
- lack of skills and leadership.

Digital transformation in government: a guide for senior leaders and audit and risk committees

### **5. NAO report: Non-executive appointments**

Non-executive directors ('NEDs') are crucial to the effective running of government. They are individuals who sit on governing boards of government departments and arm's-length bodies, including non-departmental public bodies and government companies, to provide external expertise. They provide strategic leadership, scrutinise performance, promote transparency and take a long-term perspective.

NEDs make an important contribution to the running of government, providing an independent perspective, expertise, and challenge where needed. However, the government must do more to ensure the best quality of candidates are recruited. This includes fixing the often long and drawn-out appointments and re-appointments process, which poses risks to the quality and diversity of boards, as well as to the governance of those organisations when vacancies are not filled.

Non-executive appointments

# National publications

## NAO

### **6. Whole of Government Accounts 2021-22**

The NAO has completed its audit of the 2021-22 Whole of Government Accounts. The Whole of Government Accounts consolidates the accounts of central and local government and public corporations such as the Bank of England, to provide a picture of the UK's public finances.

<https://www.nao.org.uk/reports/whole-of-government-accounts-2021-22/>

### **7. NAO report: Use of artificial intelligence in government**

The NAO has published a report considering how effectively the government has set itself up to maximise the opportunities and mitigate the risks of Artificial Intelligence (AI) in providing public services. The primary focus for this report is the role of the Cabinet Office and DSIT in supporting the adoption of AI in the public sector. Specifically, the report looks at:

- the government's strategy and governance for AI use in public services (Part One).
- how government bodies are using AI and how government understands the opportunities (Part Two).
- central government's plans for supporting the testing, piloting and scaling of AI; and progress in addressing barriers to AI adoption (Part Three).

<https://www.nao.org.uk/reports/use-of-artificial-intelligence-in-government/>

### **8. Addressing the local audit backlog in England: Consultation**

The external auditing of local bodies is vital in supporting democratic accountability and providing assurance for local people and their elected representatives. The consultation sought views on amending the Accounts and Audit Regulations 2015 as part of a package of cross-system measures to clear the backlog and put the system on a sustainable footing. The draft statutory instrument covers the core elements of the proposed amendments to the Regulations. The Joint Statement, agreed with system partners, provides vital context and explains the cross-system proposals and how the various elements are intended to interact.

The consultation ran from 8 February 2024 to 7 March 2024. Documents relating to the consultation are still available for download at the link below, which is also the place where the outcome to the public feedback will be available.

[Addressing the local audit backlog in England: Consultation](#)

# National publications

## Other

### **9. Forvis Mazars – Preparing for the Procurement Act 2023**

The Procurement Act 2023 is set to transform the procurement procedures for public sector bodies in the UK by:

- enhancing transparency in procurement processes, requiring greater disclosure of information about procurement opportunities;
- improving efficiency by introducing new measures such as electronic procurement platforms; and
- promoting fairness to ensure all suppliers have equal access to government contracts.

Our latest article provides an in-depth overview of the new Procurement Act, including when it will be implemented, key provisions and how public sector organisations can prepare.

[Preparing for the Procurement Act 2023](#)

### **10. Forvis Mazars – Understanding the new ‘Failure to Prevent Fraud’ Offence in a Public Sector context**

The UK Government has recently announced a new corporate criminal offence – the ‘failure to prevent fraud’ offence – within the Economic Crime and Corporate Transparency Act 2023.

Fraud is currently the most common crime in the UK, and this new offence is designed to drive a cultural shift, encouraging organisations to improve their prevention procedures and reduce instances of fraud. It strengthens existing powers to fine and prosecute organisations for fraud committed by their employees and agents, closing loopholes that have allowed organisations to avoid prosecution in the past.

This new offence holds large organisations, both in the public and private sectors, accountable for fraudulent activities committed by their employees or agents.

[‘Failure to Prevent Fraud’ in the Public Sector](#)

## National publications

### Other

#### **11. Office for Local Government (Oflog): consultation on draft Corporate Plan 2024 to 2027**

Oflog consulted on its draft Corporate Plan 2024-2027. The consultation ran from 15 February 2024 to 14 March 2024. The Corporate Plan proposes how Oflog will deliver its strategic objectives set out in the remit letter from the Secretary of State for Levelling Up, Housing and Communities. Oflog will publish its final Corporate Plan later this year.

<https://www.gov.uk/government/consultations/office-for-local-government-oflog-consultation-on-draft-corporate-plan-2024-to-2027>

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