



# Audit Completion Report

## **Bolsover District Council– year ended 31 March 2024**

February 2025

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

12 February 2025

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

Dear Committee Members,

### **Audit Completion Report – Year ended 31 March 2024**

We are pleased to present our Audit Completion Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 26<sup>th</sup> September 2024.

As a result of the legislative backstop arrangements introduced by the amendments to the Accounts and Audit Regulations 2015, we are unable to complete the audit as originally planned, in advance of the backstop date of 28 February 2025. We provide more information on the legislative backstop arrangements and its implications for the audit and our audit report, in section 1

We will continue to work closely with you and management to take the necessary steps to rebuild assurance over future accounting periods. We will provide further updates to future meetings of this committee. In line with the guidance issued by the National Audit Office, as endorsed by the Financial Reporting Council, we hope to return to a standard audit cycle where we are able to obtain sufficient, appropriate evidence in order to issue an unmodified audit opinion in as short a period as practicable.

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 on 0788283527

Yours faithfully

Signed:   
James Collins (Feb 12, 2025 09:38 GMT)

James Collins

Forvis Mazars LLP

# Contents

- 01** Executive summary
- 02** Audit approach
- 03** Significant findings
- 04** Value for Money arrangements

## Appendices

- A** Draft management representation letter
- B** Draft audit report
- C** Confirmation of our independence

01

Executive Summary

# Executive summary

## The scope of our audit and implications of the backstop arrangements

### Our audit of the financial statements

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice ('the Code'). Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 ("the 2014 Act") and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) ("auditing standards") and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 26<sup>th</sup> September 2024. The government has introduced measures intended to resolve the local government financial reporting backlog. Amendments to the Accounts and Audit Regulations require the Council to publish its audited 2023/24 financial statements and accompanying information on or before 28 February 2025. In accordance with the Code, we are required to provide our audit report in sufficient time to enable the Council to meet these responsibilities, whether the audit is completed or not.

Auditing standards require auditors to consider whether they have obtained sufficient appropriate assurance that the financial statements present a true and fair view and have been prepared, in all material respects, in line with the Code of Practice on Local Authority Accounting. Where the auditor determines they have been unable to obtain sufficient appropriate assurance, they must consider the implications of this on their audit report.

As a result of the backstop arrangements, we have determined that there is insufficient time to complete our audit procedures so as to obtain sufficient appropriate evidence, and, in our view, the effects of the resulting lack of assurance is both pervasive and material to the financial statements as a whole. As a result, we intend to issue a disclaimer of opinion on the Council's financial statements. We have included our proposed audit report in Appendix B.

When an opinion is disclaimed the auditor does not express an opinion on the financial statements and, consequently, no assurance is provided on the financial statements. Members will note that the form and content of this report differs substantially from the report which they will have seen in previous years. We provide more details on this in section 3.

### Internal control recommendations and misstatements

Despite our intention to issue a disclaimer of opinion, where matters come to our attention through the course of our audit, we may be required to report these to you. Section 3 sets out any internal control recommendations we have made and any misstatements identified in the draft financial statements and how these have been addressed by management.

### Value for Money arrangements

The amendments to the Accounts and Audit Regulations do not affect our responsibilities in relation to the Council's Value for Money arrangements. We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 4 of this report.

### Whole of Government Accounts

As a result of the backstop arrangements and our intention to issue a disclaimer of opinion on the Council's financial statements, we anticipate reporting to the NAO that we are unable to complete the mandatory audit procedures specified in their Group Audit Instructions. We are awaiting confirmation of when and how this should be reported to the NAO.

### 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. No such correspondence from electors has been received.

# 02

Audit Approach

# Audit Approach

## Changes since we issued our Audit Strategy Memorandum

Section 1 of this report explains the implications of the backstop arrangements introduced by the recent amendments to the Accounts and Audit Regulations and confirms that we intend to issue a disclaimer of opinion on the Council's financial statements. As a result, we have not completed our planned procedures to respond to the significant and enhanced risks which we previously reported to you.

## Materiality

We are required to determine materiality and report this to you, irrespective of whether we are disclaiming our opinion.

Our Council single-entity provisional materiality at the planning stage of the audit was set at £1.3m using a benchmark of 2% of gross operating expenditure.

Our provisional group materiality at the planning stage of the audit was set at £1.5m using a benchmark of 2% of gross operating expenditure.

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

## Summary of Risks

There have been no changes to the risks identified which we communicated in our Audit Strategy Memorandum, issued on 26<sup>th</sup> September 2024.

Whilst we planned our audit to address the risks of material misstatement we identified at the planning stage, we will not have completed our work in advance of the backstop date and as such do not provide any assurance over individual areas of the financial statements or the financial statements as a whole, nor do we provide assurance over any of the identified risks. These risks are summarised below.

Although we are unable to provide any assurance over the areas of risks we have identified, where matters have come to our attention during the course of the audit that we consider to be important to bring to your attention, we have included these in section 3 of this report.

# Audit Approach

## Significant risks

### Management override of controls

#### Description of the risk

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

---

#### How we addressed this risk

We addressed this risk through performing audit work over:

- accounting estimates impacting amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

As a result of the backstop arrangements, we have not completed our work with respect journals posted by s151 officer

---

#### Audit conclusion

From our journals testing, we identified some journals were posted by S151 officer. We have raised an internal control recommendation in section 3

---



# Audit Approach

## Significant risks continued

### Valuation of the LGPS defined benefit pension

#### Description of the risk

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

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

As part of our testing, procedures will be performed on the net defined liability held by **Dragonfly Development Limited**

---

#### How we addressed this risk

- Critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary;
- Liaising with the auditors of the Derbyshire Pension Fund to gain assurance over the design and implementation of the controls in place at the Pension Fund. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;
- Reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by PwC and consulting actuary engaged by the National Audit Office; and
- Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements. In the event of a pension surplus arising in 23/24, its accounting treatment will require specific consideration under IFRIC 14.

---

#### Audit conclusion

As a result of the backstop arrangements we have not fully concluded our work.

---

# Audit Approach

## Significant risks continued

### Valuation of land, buildings, and investment properties

#### Description of the risk

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

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

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

---

#### How we addressed this risk

- Critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary;
- Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
- Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
- Assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends;
- Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluation in 2023/24 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers

---

#### Audit conclusion

We have identified one misstatement that has not been amended for in the financial statements on the basis of materiality. Additionally, we have raised a recommendation in respect to property, plant and equipment valuations. Further information of these can be found in section 3 of this report

# Audit Approach

## Enhanced risks

### Group Consolidation

#### Description of the risk

The Council is consolidating Dragonfly Group (Dragonfly Development Limited and Dragonfly Management) and producing group accounts for the first time in the 2023/24 financial statements. The Council will be required to consolidate their subsidiaries balances on a line-by-line basis and remove intra-group transactions. Being the first year, there is a risk the Council will not identify all consolidation adjustments or the adjustments may be incorrect.

We also understand that employees transferred to the Group and consequently there is a risk that costs, assets and liabilities associated with the Dragonfly Group have not been correctly removed from the Council accounts.

---

#### How we addressed this risk

- Review and assess the controls and processes that the Council has in place to prepare group accounts;
- Perform substantive procedures on the consolidation adjustments; and
- Perform recalculations on the consolidation schedules to ensure mathematical accuracy

We also tested any assets, liabilities and costs transferred to the subsidiaries on the 1 April 2023 have been correctly accounted and removed from the Council's financial statements.

---

#### Audit conclusion




The Group financial statements included material errors and the Council was unable to provide sufficient, appropriate evidence to support the figures in the Group financial statements were free from material misstatement. As a result of the backstop arrangements, we have not completed our work in this area and a disclaimer opinion is to be issued.

---

# Audit Approach

## Outcome of Audit Work

This section outlines the work we have completed on the audit. It is important however to emphasise that our opinion is disclaimed consequently, no assurance is provided on the financial statements, or any area outlined in the table below.

Area	Status	Area	Status	Status key
Financial statement level work	●	Creditors	●	 Not started
Movement in Reserves Statement	●	Pensions	●	
Income	●	Financial instruments	●	
Expenditure	●	Housing Revenue Account	●	 Started not completed
Cash flow statement	●	Collection fund	●	
Investment properties	●	Provisions	●	 Completed
Property, plant and equipment	●	Group accounts	●	
Investments	●	Journals	●	
Debtors	●			
Cash and cash equivalents	●			
Loans and borrowings	●			

# Audit Approach

## Outcome of Audit Work

This section outlines the work we have completed on entries in the group accounts associated with Dragonfly companies audit. It is important however to emphasise that our opinion is disclaimed consequently, no assurance is provided on the financial statements, or any area outlined in the table below.

Area	Status
Debtors	●
Creditors	●
Cash and cash equivalents	●
Payroll	●
Pensions	●
Journals	●


Status key


- Not started
- Started not completed
- Completed


# Audit Approach


## Group audit approach

Group component	Planned audit approach	Key points or matters to report
Dragonfly Development Limited	●	<p>Our audit strategy memorandum outlined full scope audit procedures by component auditors. In addition, the following specific procedures to be performed by the group audit team:</p> <ul style="list-style-type: none"> <li>• Audit of the company's defined benefit pension asset valuation;</li> <li>• Review of the group consolidation process.</li> </ul> <p>As outlined on page 5 of this report, as a result of the backstop arrangements, we have not completed these procedures.</p>
Dragonfly Management (Bolsover) Limited	●	<p>Our audit strategy memorandum outlined full scope audit procedures by component auditors. In addition, the following specific procedures to be performed by the group audit team:</p> <ul style="list-style-type: none"> <li>• Audit of the company's defined benefit pension asset valuation;</li> <li>• Review of the group consolidation process.</li> </ul> <p>As outlined on page 5 of this report, as a result of the backstop arrangements, we have not completed these procedures.</p>

- 

**Full audit**  
Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality
- 

**Audit of balances and/or disclosures**  
Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality
- 

**Specific audit procedures**  
Performance of specific audit procedures on the component's financial information
- 

**Review procedures**  
Review of the component's financial information prepared for group reporting purposes using the component materiality assigned

03

Significant findings

# Significant findings

## Background and modification of the audit opinion

As we outlined earlier in this report, as a result of the backstop arrangements, we have not been able to complete sufficient audit procedures to enable us to provide an unmodified opinion on the Council's financial statements. As we have determined that the pervasive effects, or potential pervasive effects on the financial statements of the lack of sufficient appropriate assurance are both pervasive and material, we will be issuing a disclaimer of opinion. This means we are expressing no opinion on the financial statements.

Appendix B sets out our draft audit report which explains the basis of our disclaimer of opinion being the introduction of the backstop arrangements which require the Council to publish its audited 2023/24 financial statements by 28 February 2025. In particular our report highlights that the Group financial statements included material errors and the Council was unable to provide sufficient, appropriate evidence to support the figures in the Group financial statements were free from material misstatement.

Members will note that the draft audit report does not report on other matters that would usually appear in an unmodified audit report. These include:

- the use of the going concern assumption in the preparation of the financial statements; and
- the consistency of the other information presented with the financial statements.

Although we are disclaiming our audit opinion, auditing standards require us to report matters to you that have come to our attention during the course of our audit, which we include in this section of this report.

## Wider responsibilities

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

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

We have not exercised any of these powers as part of our 2023/24 audit.

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

## Significant matters discussed with management

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

- Delays in the production of group accounts supported by appropriate working papers - The initial draft group accounts prepared by the Council contained material errors due to inconsistencies in the reporting periods for the year ended 31 March 2024 and 31 March 2023. The Council was unable to provide sufficient appropriate evidence to support the figures in the Group financial statements were free from material misstatement. The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.
- Implications of the backstop arrangements

As part of our audit, we sought and obtained information from management in relation to actual or suspected non-compliance with laws and regulations, and any actual or suspected fraud which could materially impact upon the financial statements.

Based on our review of the information received, we have no matters to report in relation to fraud and the Council's compliance with laws and regulations. We have not undertaken any further work in these areas and do not provide any assurance that the financial statements are free from material error .

## Significant difficulties during the audit

Other than the matters associated with the Group accounts during the course of the audit we did not encounter any significant difficulties. We have had the full co-operation of management.



# Our observations on internal control

As part of our planning procedures, we obtained an understanding of the Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and to determine the nature, timing and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Council's internal controls, we are required to evaluate any deficiencies in internal control that come to our attention, even though we intend to issue a disclaimer of opinion.

A deficiency in internal control exists if:

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

The purpose of our audit, as originally planned before the backstop arrangements came into force, was to express an opinion on the financial statements. The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified through the audit procedures we were able to complete before the backstop date. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

## Significant deficiencies in internal control

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

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

## Other observations on internal control

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

Our other internal control observations, as at the date of this report, are set out in this section. These have been reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by the Audit Committee and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

# Our observations on internal control

## Significant deficiencies in internal control

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

### Description of deficiency

During our testing of Journals, we identified 55 journals posted by the Section 151 Officer. The Council confirmed this was due to Dragonfly incorporation and lack of capacity in the finance team.

---

### Potential effects

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

---

### Recommendation

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

---

### Management response

A new principal accountant post has recently been established and appointed to. We expect the officer to be in post by mid-May. In the meantime, a temporary interim accountant has been with the Council since November to increase capacity. This post will be extended through April and May to ensure there is extra capacity in the finance team throughout the 2024/25 final accounts preparation process. Finally, the Section 151 officer will no longer post any journals.

---

# Our observations on internal control

## Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

### Description of deficiency

#### PPE revaluations

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

---

### Potential effects

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

---

### Recommendation

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

---

### Management response

The Council's valuer has now obtained plans and measurements for the properties identified where this was missing. As part of the 2024/25 year end work, working papers for all assets will be reviewed.

---

# Our observations on internal control

## Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

### Description of deficiency

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

---

### Potential effects

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

---

### Recommendation

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

---

### Management response

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

---

## Follow up on previous year recommendations

### 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 (£364k). 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.

---

### 2023/24 update

Our work in 2023/24 has not identified any matters to report

---

# Summary of amendments to the financial statements

The Council's Director of Finance authorised the Council's draft financial statements for issue.

Although we intend to issue a disclaimer of opinion, we still report any amendments which management have made to the draft financial statements, identified either through the audit procedures that we have undertaken, or separately by management.

This information is provided to the Audit Committee for information and to support it to discharge its responsibilities. It is important for members to note that, given we are issuing a disclaimer of opinion, we provide no assurance over the material accuracy of the amendments that have been made to the draft financial statements which are summarised in this section.

## **Amendments to the financial statements**

Material errors were identified in the group accounts which have been amended by the Management. However, as a result, of the backstop arrangements, we have not completed our work in this area and provide no assurance over the material accuracy of the amended group accounts.

## Unadjusted misstatements

When we issue a disclaimer of opinion as a result of the backstop arrangements, auditing standards require us to consider whether we are aware of any matter that would have otherwise required a modification to our opinion. Such matters may include, for example, material misstatements that have been identified which have not been amended by management in the final financial statements. We confirm that no such matters have come to our attention.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Dr: Revaluation Reserve			52	
Cr: Property, Plant and Equipment				52
Adjustments due to overstatement in revaluation of property.				
Dr: Income	73			
Cr: Accrued Income				73
Income recognised in 2023/24 relating to 2024/25. Note this an extrapolated error				
<b>Aggregate effect of unadjusted misstatements</b>	<b>73</b>	<b>0</b>	<b>52</b>	<b>125</b>

# Summary of amendments to the financial statements

## Disclosure amendments

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

- Note 11, Property, plant and Equipment: Revaluations table amended to update community assets carried at Fair value instead of historic cost.
- Note 14 Financial Instruments: Note amended to include fair value of Strategic investment and description of other long- term loans updated to other loans to make it consistent.
- Note 16, Capital Commitments: Capital commitments have been adjusted for accruals which were incorrectly included in the balance disclosed. An adjustment of £0.138m has been reflected in the revised disclosure.
- Note 23b, Capital Adjustment Account: Note amended to move amortisation of intangible assets from the 'charges for depreciation and impairment of non-current assets' line to 'Amortisation of intangible assets' line.
- Note 30, Officer's Remuneration: Amendments were made within note 30, Dragonfly Directors were initially excluded which is now reflected in the revised disclosure
- Note 31, Audit Fee updated to exclude fees payable to other audit firms for grant certification.
- Note 33, Related Parties: The following related parties were initially omitted by the Council and management has agreed to amend this disclosure
  - Derbyshire County Council receipts updated to £2.446m
  - Pinxton Parish Council receipts amended to £0.175m
  - Total receipts from organisations in which members had an interest amended to £1.144m
  - Receipts and payments from Dragonfly group have not been amended
- Note 54, Allocation of Collection Fund Surpluses and Deficits: Text amended to include "Total (surplus)/deficit"

A number of typographical, signage, casting and spelling errors have also been corrected by management.



Value for Money arrangements

# Value for Money

## Approach to Value for Money

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

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

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

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in February 2025

## Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and have identified 1 significant weakness in arrangements and have made associated recommendations. We provide further details on the identified significant weaknesses and our recommendations later in this section of our report.

Our draft audit report at Appendix B confirms that we have matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in February 2025

# Value for Money

## Risks of significant weaknesses in arrangements

In our Audit Strategy Memorandum we reported that we had identified no risks of significant weaknesses in arrangements. As detailed in our Audit Strategy Memorandum our risk assessment procedures are a continuous process. During our audit we identified the following risk of significant weakness in arrangements.

Risk of Significant Weakness in Arrangements	Financial Sustainability	Governance	Improving the 3Es	Work Undertaken and Conclusions Reached
<p><b>1</b></p> <p><b>Group accounting</b> In 2023/24 the Council produced group accounts for the first time. During our audit of the group we identified errors and uncertainties in the draft group accounts. There were also delays in the Council obtaining required information necessary for the production of group accounts.</p>		●		<p><b>Work undertaken</b> We have considered the findings of our audit procedures and determine if the matters identified are indicative of a significant weakness in arrangements.</p> <p><b>Results of our work</b> See following page.</p>

# Value for Money

## Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below.

Identified significant weakness in arrangements	Financial Sustainability	Governance	Improving the 3Es	Recommendation for improvement	Council response
<p><b>Accounting and Governance Arrangements of Dragonfly companies</b></p> <p>The Council published its draft statement of accounts for the 2023/24 financial year in July 2024, including group accounts. This is the first year that the Council has been required to prepare group accounts, incorporating the financial results of both the Council and its wholly-owned subsidiary companies (collectively referred to as "Dragonfly companies"). However, the draft group accounts contained material errors due to inconsistencies in the reporting periods for the year ended 31 March 2024 year and prior year balances (year ended 31 March 2023). Further, there were delays in obtaining the financial statements of Dragonfly Companies (Dragonfly Development Ltd and Dragonfly Management (Bolsover) Ltd) from their consultants and external auditors to enable the production of final group accounts. These delays meant the Council was not able to finalise the production of updated group accounts for the 2023/24 financial year until January 2025, a delay of 6 months over the expected timetable. As a result of the delay we were unable to complete our audit procedures before the backstop date of 28<sup>th</sup> February 2025, leading to the Council's statement of accounts being disclaimed.</p> <p>Without proper arrangements to support the production of its draft statement of accounts (which incorporate full range of activities of the Council's group) and the audit of those accounts, the Council risks a continuation of failure to meet the requirement to publish an audited statement of accounts.</p> <p>These matters, in our view, are evidence of a significant weakness in the Council's governance arrangements, in particular how the body ensures its statutory financial reporting requirements for the financial year ended 31 March 2024.</p>		●		<p>The Council should ensure that proper arrangements are established to ensure the timely production of the group statement of accounts, aligning with statutory reporting deadlines. This timetable should be clearly articulated to all stakeholders within the Group.</p>	<p>The officers within Dragonfly were informed of timetable deadline in advance and met them. Dragonfly auditors also agreed in advance the deadlines, but did not adhere to them and caused the delays. For 2024/25, Dragonfly have appointed a new auditor.</p>

# Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

# Appendix A: Draft management representation letter

Mazars LLP  
The Corner,  
Newcastle,  
NE1 1DF  
Xx/02/2025

Dear James,

## **Bolsover District Council and Group - Audit for Year Ended 31 March 2024**

This representation letter is provided in connection with your audit of the financial statements of Bolsover District Council the Council and Group for the year ended 31 March 2024. I note that you intend to issue a disclaimer of opinion in respect of your audit. I understand I am still required to provide the representations set out in this letter so you can complete your audit in accordance with relevant auditing standards.

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, as amended by the Code Update and applicable law.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

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

I confirm as s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### **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.

# Appendix A: Draft management representation letter

## **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council and Group's financial position, financial performance and cash flows.

## **Accounting estimates, including those measured at fair value**

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

## **Contingencies**

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

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

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

There are no contingent gains which should be disclosed.

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

## **Laws and regulations**

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

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

# Appendix A: Draft management representation letter

## **Fraud and error**

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

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council and Group involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

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

## **Related party transactions**

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

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

## **Impairment review**

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

## **Charges on assets**

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



# Appendix A: Draft management representation letter

## **Future commitments**

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

## **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update 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.

## **Impacts of Russian Forces entering Ukraine**

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

## **Covid-19**

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 6 to the financial statements fairly reflects that assessment.

## **Brexit**

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

## **Going concern**

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

## **Annual Governance Statement**

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

# Appendix A: Draft management representation letter

## **Narrative Report**

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

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

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

Yours faithfully,

s151 officer

# Appendix B: Draft audit report

## Independent auditor's report to the members of Bolsover District Council

### Report on the audit of the financial statements

#### Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Bolsover District Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2024, which comprise the Council and Group Movement in Reserves Statement, the Council and Group Comprehensive Income and Expenditure Statement, the Council and Group Balance Sheet, the Council and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the HRA Statement, the Collection Fund Income and Expenditure Account 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 2023/24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures. Further, the Group financial statements included material errors and the Council was unable to provide sufficient, appropriate evidence to support the figures in the Group financial statements were free from material misstatement.

#### Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of the Director of Finance's Responsibilities, 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 2023/24, 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 2023/24 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 and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

# Appendix B: Draft audit report

## Auditor’s responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council’s and Group’s financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor’s report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council and Group 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.

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](http://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 opinion, 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 2024.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Council’s arrangements for the year ended 31 March 2024:

Significant weakness in arrangements	Recommendation
<p>The Council published its draft consolidated statement of accounts that contained material errors and failed to obtain, in a timely manner, the required financial information from the group components (Dragonfly Companies). This resulted in delays in correcting the group statement of accounts for the year ended 31 March 2024, through to January 2025, some 6 months after the statutory reporting deadline, resulting in a disclaimed audit opinion.</p> <p>These matters are evidence of a significant weakness in the Council’s governance arrangements for the financial year ended 31 March 2024.</p>	<p>The Council should ensure that proper arrangements are established to ensure the timely production of the group statement of accounts, aligning with statutory reporting deadlines. This timetable should be clearly articulated to all stakeholders within the Group.</p>

# Appendix B: Draft audit report

## **Responsibilities of the Accounting Officer**

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Council's 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, and to report where we have not been able to satisfy ourselves that it has done so. 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 November 2024.

## **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.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

## **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.

# Appendix B: Draft audit report

## Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts

[Signature]

James Collins,

Key Audit Partner  
For and on behalf of Forvis Mazars LLP

The Corner, Newcastle upon Tyne, NE1 1DF

[Date]

## Appendix C: Confirmation of our 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.

# Contact

## Forvis Mazars

**James Collins**

Director

Tel: 0191 383 6331

[james.collins@mazars.com](mailto:james.collins@mazars.com)

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

© Forvis Mazars 2024. All rights reserved.