



Mazars LLP  
2 Chamberlain Square  
Birmingham  
B3 3AX

Tel: +44 (0)121 232 9500  
[www.mazars.co.uk](http://www.mazars.co.uk)

Members of the Audit and Governance Committee  
North West Leicestershire District Council  
Council Offices  
Whitwick Road  
Coalville  
LE67 3FJ

Direct line 07875 974 291  
Email [mark.surrudge@mazars.co.uk](mailto:mark.surrudge@mazars.co.uk)

13 April 2023

Dear Committee Members

### Audit Completion Report – follow-up letter

Following on from our recent meeting and as required by International Standards on Auditing (UK and Ireland), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit Completion Report from February 2023.

The outstanding matters and the conclusions reached are detailed below:

Audit area	Status	Description of outstanding matters																
Investment properties	Complete	<p>We have received the residual audit evidence and our work is complete.</p> <p>We identified a material error that has been corrected by adjusting prior periods, as summarised below.</p> <p>As you are aware, during 2022, the Council undertook a review of its property records and discovered the size of one investment asset was materially incorrect in the asset register. The asset (Cropston Drive) was previously recorded as 3.72 hectares in size, but the measurement exercise found it to actually be 7.42 hectares. The Council had correctly reflected this adjustment in the carrying value as at 31 March 2021, but because this error could have reasonably been known in previous years, we requested the Council restate the prior year financial statements:</p> <p>The adjustments made go back for two prior years and CY already corrected are:</p> <table><tr><th></th><th>Previous figures £'000</th><th>Corrected figures £'000</th><th>Adjustment £'000</th></tr><tr><td>2018/19</td><td>13,484</td><td>15,559</td><td>2,075</td></tr><tr><td>2019/20</td><td>14,892</td><td>16,307</td><td>1,415</td></tr><tr><td>2020/21</td><td>13,812</td><td>15,186</td><td>1,374</td></tr></table>		Previous figures £'000	Corrected figures £'000	Adjustment £'000	2018/19	13,484	15,559	2,075	2019/20	14,892	16,307	1,415	2020/21	13,812	15,186	1,374
	Previous figures £'000	Corrected figures £'000	Adjustment £'000															
2018/19	13,484	15,559	2,075															
2019/20	14,892	16,307	1,415															
2020/21	13,812	15,186	1,374															

#### Mazars LLP

Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD. 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

Audit area	Status	Description of outstanding matters
Property, plant and equipment	Complete	We have finalised our procedures in this area and our work is complete. There are no further matters arising to report in this respect.
Net pension liability	Complete	We have finalised our procedures in this area and our work is complete. There are no further matters arising to report in this respect.
Whole of Government Accounts	Outstanding	We have still 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.
Completion procedures	Complete	We have received the residual audit evidence and our work is complete. There are no matters arising to report in this respect.
Value for money	Complete	We have finalised our procedures in this area and our work is complete and we have issued our draft Annual Auditor's Report.

If you wish to discuss these or any other points, then please do not hesitate to contact me.

Yours sincerely



**Mark Surridge**  
Mazars LLP

## Appendix A – Final Form of Audit Report

### **Independent auditor's report to the members of North West Leicestershire District Council**

#### **Report on the audit of the financial statements**

##### **Opinion on the financial statements**

We have audited the financial statements of North West Leicestershire District Council ('the Council') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund, 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 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2021 and of the Council's 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 2020/21.

##### **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.

##### **Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of trading assets**

We draw attention to Note 2 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Council's trading assets within the balance for property, plant and equipment. As disclosed in Note 2 of the financial statements, the Council's valuer included a 'material valuation uncertainty' declaration within their report as a result of the Covid-19 pandemic. Our opinion is not modified in respect of this matter.

##### **Conclusions relating to going concern**

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

Based on the work we have performed, 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 Head of Finance with respect to going concern are described in the relevant sections of this report.

##### **Other information**

The Head of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. 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.

### **Responsibilities of the Head of Finance for the financial statements**

As explained more fully in the Statement of Responsibilities, the Head 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 2020/21, and for being satisfied that they give a true and fair view. The Head of Finance is also responsible for such internal control as the Head 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 Head of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 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 Head 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.

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, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Head 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 were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit and Standards Committee the 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.

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

- making enquiries of management and the Audit and Standards 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.

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 and Standards 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 Head 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 April 2021.

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 2021.

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 April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

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 April 2021.

**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.

**Use of the audit report**

This report is made solely to the members of North West Leicestershire 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; 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.

Mark Surridge, Key Audit Partner

For and on behalf of Mazars LLP

First floor,

Two Chamberlain Square,

Birmingham,

B3 3AX