



North West Leicestershire District Council

Audit Completion Report
Year ended 31 March 2025

February 2026

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Purpose of this report

This report highlights the significant findings arising from the audit. We are responsible for performing the audit in accordance with International Standards on Auditing (UK), and the National Audit Office Code of Audit Practice and associated Auditor Guidance Notes.

Our audit is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit and Governance Committee. Under the Code of Audit Practice, we are also required to consider the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources and to report any significant weaknesses we identify. However, our audit is not designed to test all internal controls or identify all areas of control weakness. As such, our work cannot be relied upon to disclose all errors or other irregularities, or to include all possible improvements in internal control that a more extensive examination might identify.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.



Executive summary



Executive summary

2024/25 Financial Statements

Outstanding work to complete 2024/25 audit

At the completion of the audit, following the audit committee meeting, we are required to undertake the following procedures to complete our audit for 2024/25:

- ▶ Receipt and review of the management representation letter
- ▶ Receipt and review of the final, amended statement of accounts, narrative report and annual governance statement, appropriately signed and dated
- ▶ Response from management regarding subsequent events up to the date of the opinion
- ▶ Submission of our Whole of Government Accounts (WGA) return to the National Audit Office (NAO).

Disclaimed audit opinion in 2024/25

Due to the challenges of undertaking an audit where the previous four years have been disclaimed, combined with the late receipt of the draft statement of accounts on the 16 January 2026, it has not been possible for us to undertake sufficient work to regain full assurance and support an unmodified audit opinion ahead of the backstop date of 27 February 2026.

The limitations imposed from the lack of assurance on opening balances and closing balances in key areas means we are unable to form an opinion on the 2024/25 financial statements. We therefore intend to disclaim our opinion.

We are also unable to conclude that the other information included in the statement of accounts is consistent with our knowledge of the Council and the financial statements we have audited.



Executive summary

2024/25 Financial Statements

Audit approach in 2024/25 and build back of assurance plan

Our audit approach for 2024/25 has initially been based on gaining a thorough understanding of the Council's control environment and has been risk based. This included:

- ▶ An evaluation of the Council's internal control environment, including the IT systems and controls; and
- ▶ Completion of a risk assessment in line with Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 issued on 5 June 2025 by the National Audit Office.
- ▶ The outcome of the risk assessment has resulted in the Council being classified as being 'higher risk'. We therefore have focussed our efforts on the build-back of assurance for income and expenditure balances since 2021/22, to regain missing assurance from disclaimed audit years.

No material audit adjustments

We have identified a potential adjustment to property, plant and equipment (PPE) based on our rebuilding of assurance in relation to PPE movements since 2021/22. This work is ongoing and any adjustments to the financial statements will be processed within the 2025/26 statement of accounts.

We identified some disclosure and classifications amendments to the 2024/25 accounts, as well as some missing notes, and have raised some recommendations for management.

Under International Standards on Auditing (UK) and the National Audit Office (NAO) Code of Audit Practice 2024, we are required to report whether, in our opinion:

- ▶ The financial statements give a true and fair view of the Council's financial position and income and expenditure for the period; and
- ▶ The Council's financial statements have been properly prepared in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code') 2024/25 and the Local Audit and Accountability Act 2014.

We are also required to report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



Executive summary

Building back assurance on disclaimed audit years

In our audit plan we communicated the high-level end-to-end build-back plan. This envisages re-gaining the missing assurances over the disclaimed audit years 2021/22 to 2023/24 over the period 2024/25 to 2027/28. Since reporting our audit plan to you in April 2025, we have revised our audit approach in line with Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 issued by the National Audit Office in June 2025.

In accordance with our audit plan and LARRIG 06, we have completed the following work as part of our approach to building back the missing assurances from disclaimed audit periods:

- Risk assessment** - we have completed a comprehensive audit risk assessment covering the disclaimed audit years to evaluate the risk that reserves balances carried forward into 2024/25 may contain material misstatements. This involved evaluating governance arrangements, the control environment, timeliness of accounts preparation, complexity of reserves, and risks arising from multiple disclaimed opinions. We have considered factors such as changes in key finance personnel, financial systems, budgetary controls, and classification risks between capital and revenue transactions. Our planned response included enhanced inquiry, review of Annual Governance Statements, review of internal audit reports, analytical procedures, and targeted substantive testing to evaluate these risks. The outcome of this risk assessment concluded that the Council is at higher risk of material misstatement, and as such full assurance is needed on the income and expenditure balances for all missing years of assurance.
- Analysis of movements in reserves** – we have reconciled and validated reserve movements within the Movement in Reserves Statement (MIRS) back to the last clean audit opinion (2020/21). This included detailed testing of reserve movements, statutory adjustments and consistency checks across primary statements and supporting notes to evaluate the accuracy and completeness of reported balances. Additional time was spent by audit and management to interrogate these matters and resolve audit queries over four years, which ordinarily would have been dealt with in the year they occurred.
- Conclusion on risk assessment and approach to 2024/25 audit** - from the above work, we assessed North Leicestershire District Council at the higher end of the risk spectrum. This indicates that we are required to gain full assurance over the income and expenditure balances for all missing years of assurance and as such our focus has been directed on this testing. We have undertaken a large number of procedures on the 2024/25 statement of accounts (as documented within this report), however, our work in building back assurance on missing years income and expenditure remains in progress.
- Specific build back testing** – as agreed with management, we determined a specific build back testing plan. This has focused on Property, Plant and Equipment (PPE) additions, disposals, reclassifications and depreciation, as well as housing benefit income and expenditure, other operating expenditure and HRA income. We have completed the majority of this work, however, some work does remain in progress at the point of presenting this report.



Executive summary

Value for money

We have completed our value for money work. Our detailed findings were reported in our Auditor's Annual Report, which was presented in November 2025.

We have concluded there are significant weaknesses in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our auditor's report will refer to the significant weaknesses in arrangements we have identified.

Statutory duties

We have not exercised any of our additional statutory powers and duties.

Certificate

We will not be able to certify the closure of the audit until we have completed all work we are requested to undertake as a component auditor for Whole of Government Accounts (WGA), and we receive confirmation from the National Audit Office that the Comptroller and Audit General has certified the WGA for 2024/25.

We are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, under the NAO Code of Audit Practice.

The Local Audit and Accountability Act 2014 (the Act) requires us to:

- ▶ report to you if we have applied any of the additional powers and duties available to us under the Act; and
- ▶ certify the closure of the audit.



Financial statements



Quality Indicators

The following metrics are important in assessing the reliability of your financial reporting and response to the audit.

KEY:

RED

Significant improvement required

AMBER

Developing

GREEN

Mature

Metric	Grading	Commentary
Quality and timeliness of draft financial statements	RED	Under The Accounts and Audit Regulations 2015, the deadline for the production and approval for the draft financial statements was 31 May 2025. The Council did not prepare its draft accounts in line with this deadline. The draft financial statements were published and made available for inspection on the Council's website on 16 January 2026, over seven months after the statutory deadline.
Quality of working papers provided and adherence to timetable	AMBER	We experienced delays in the provision of information throughout the audit, and we had insufficient time to complete all planned testing on the draft financial statements.
Timing and quality of key accounting judgements	RED	Due to delays in the finalisation of the accounts and the constraints imposed by the backstop date, we have not been able to assess the timing and quality of key accounting judgements, other than noting the timeliness of these judgements being made was significantly later than the required statutory deadlines.
Access to finance team and other key personnel	AMBER	The finance team responded to our audit queries to the best of their ability. However, their capacity to engage was severely constrained by the need to prioritise the production of the 2024/25 accounts and the annual budget setting process. As a result, interaction with the finance team during the audit was subject to delays.
Quality and timeliness of narrative report and annual governance statement	RED	Under The Accounts and Audit Regulations 2015 the deadline for the production and approval for the draft financial statements was 31 May 2025. The Council did not prepare its draft accounts in line with this deadline. The Annual Governance Statement and Narrative Report were published and made available for inspection on the Council's website on 16 January 2026, seven months after the statutory deadline for publishing.
Volume and magnitude of identified errors	N/A	We have reviewed the draft financial statements for internal consistency, arithmetic accuracy and to assess whether the comparators in the 2024/25 financial statements agree with the figures in the 2023/24 disclaimed financial statements. Our work has not identified any significant exceptions, which indicates the accounts produced are of a reasonable quality. Notwithstanding this, we have determined that the significant delays in receiving the financial statements, has prevented us from being able to complete all necessary procedures to obtain sufficient appropriate audit evidence and to fulfil the objectives of all the relevant ISAs (UK). As a result of the material and pervasive nature of missing assurance, we intend to issue a disclaimer of opinion in our audit report.

Materiality

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial'. The assessment of what is material is a matter of professional judgement and is affected by our risk assessment and the needs of users of the financial statements.

At the planning stage of the audit, we determined overall materiality as £780k and performance materiality as £468k. On production of the financial statements, we reconsidered our materiality determination as communicated in the Audit Plan. We considered it appropriate to update our materiality due to the change in gross expenditure for 2024/25.

We have determined that no specific materiality levels needed to be set for this audit

	Council £000	Explanation
Overall materiality for the financial statements	778	This is approximately 1.25% of gross revenue expenditure based on the 2024/25 draft financial statements. This is a common measure for calculating materiality for councils as the users of the financial statements are considered to be most interested in where the Council has expended its income during the year.
Performance materiality	467	Performance materiality has been set at 60% of overall materiality. This is based on the internal control environment of the Council and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	38	This is set at 5% of the overall materiality calculation. Individual errors above this threshold are communicated to those charged with governance.

Clearly trivial: matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;
Material: an omission or misstatement that would reasonably influence the users of the financial statements.



Key audit findings



Key audit findings: significant risks

This section includes a summary of audit findings relating to significant risk areas identified at planning and other risk areas that required special consideration or arose during the audit.

Significant risks are defined as risks that require special audit consideration and include risks of material misstatement that are close to the upper range of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement, or are required to be treated as significant risks due to requirements of auditing standards.

The table below summarises the significant risks. Detail behind each risk and the work undertaken is set out on the subsequent pages.

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	Outcome of work
Management override of controls	Financial Statement Level	Yes	Assess design & implementation	We are unable to reach a conclusion in these areas. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.
Presumption of fraud in revenue and expenditure recognition	Assertion Level	Rebutted	Assess design & implementation	
Valuation of council dwellings, other land and buildings and investment property	Assertion Level	No	Assess design & implementation	
Valuation of pension assets and liabilities (IAS19)	Assertion Level	No	Assess design & implementation	
Prior year opinion on the financial statements	Financial Statement Level	No	Assess design & implementation	
Implementation of new financial accounting software Unit4	Financial statement level	No	Assess design & implementation	



Key audit findings: significant risks

Significant risks at the financial statement level

The table below summarises our conclusions on significant risks of material misstatement at the financial statement level for the 2024/25 accounts. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Significant risk	Audit approach
<p>Management override of controls</p> <p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p>Risk of material misstatement: Very High</p>	<p>We have:</p> <ul style="list-style-type: none">• Evaluated the rationale for any changes in accounting policies;• Documented our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals. <p>We have been unable to perform all of the planned testing for this significant risk due to the delay in receiving the draft accounts ahead of the backstop date.</p> <p>Based on the above, and the other factors explained in the report, we plan to issue a disclaimer of opinion for 2024/25.</p>



Key audit findings: significant risks

Significant risk	Audit approach
<p>Prior year opinion on the financial statements</p> <p>Your predecessor auditor were unable to complete their audits of the 2021/22 and 2022/23 financial years and issued disclaimed opinions for both years in December 2024.</p> <p>As a result of delays in the production of the 2023/24 accounts, we have not yet been able to issue our audit opinion, thereby missing the backstop on 28 February 2025.</p> <p>As a result of prior year disclaimed audit opinion:</p> <ul style="list-style-type: none"> • There is limited assurance available over the Council’s opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g defined benefit pension valuations, land and building, council dwelling and investment property valuations, amongst others); and • Significant transactions, accounting treatment and management judgements may not have been subject to audits for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed period/s. <p>The absence of prior year assurance raises a significant risk of material misstatement at the financial statement level that may require additional audit procedures.</p> <p>Inherent risk of material misstatement:</p> <p>Prior year opinion on the financial statements (financial statement level): Very High</p>	<p>We have:</p> <ul style="list-style-type: none"> • Considered the findings and outcomes of prior year audits and their impact on the 2024/25 audit; • Considered the impact on our audit of disclaimed audit opinions, particularly regarding opening balances and ‘unaudited’ transactions and management judgements made in the previous years which continue into 2024/25; • Considered the impact of any changes in Code requirements for financial reporting in previous and current audit years; • Completed a risk assessment from the last clean opinion (2020/21) to date to inform build-back work; • Commenced build-back work for PPE additions, disposals, reclassifications and depreciation for all disclaimed years; • Reconciled the Movement In Reserves Statement (MIRS) with the other statements and disclosures for the current year and all disclaimed years and completed our internal MIRS tool to ensure the accounting entries made are consistent with our expectations; and • Commenced build back work on other service expenditure (including housing benefits) and housing subsidy grant income for all disclaimed years. <p>The audit opinions in the Council’s accounts for 2021/22, 2022/23 and 2023/24 were all disclaimed. This means we have no assurance over the comparators in the 2024/25 financial statements and no assurance over transactions occurring in those years which impact the figures reported in the financial statements for 2024/25.</p> <p>Based on the above, and as our build back work is not complete, we are unable to reach a conclusion on these areas. Along with the other factors explained in the report, we plan to issue a disclaimer of opinion for 2024/25.</p>



Key audit findings: significant risks

Significant risk	Audit approach
<p>Implementation of new financial accounting software Unit4</p> <p>The Council has implemented a new financial accounting system (Unit4) which went live on 01 April 2023.</p> <p>When implementing a significant new accounting system, it is important to ensure that sufficient controls are in place which are designed and operating effectively to ensure the integrity of financial data.</p> <p>We have been made aware that a number of issues have occurred since the system has been in place which have made performing routine financial management tasks difficult. The implementation of the new system has also resulted in delays of the production of the 2023/24 financial statements.</p> <p>We have therefore identified this area as a significant risk with potential impact across all areas of the financial statements.</p> <p>Risk of material misstatement: High</p>	<p>We have:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process used for new system implementation; • Documented and assessed the design of IT general controls; • Reviewed access rights granted to the users of the new ledger for reasonableness in the context of individual staff roles; <p>Due to limitations in capacity within the finance team, we have been unable to test data migration activity on the opening trial balance as at 1 April 2023 to understand how the previous year closing trial balance as at 31 March 2023 has been migrated into the new system to ensure completeness and accuracy as planned.</p> <p>Based on the above, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we plan to issue a disclaimer of opinion for 2024/25.</p>



Key audit findings: significant risks

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The following tables summarise conclusions in relation to significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures in the 2024/25 accounts.

Significant risk	Audit approach
<p>Fraud in revenue recognition and expenditure Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240. Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to:</p> <ul style="list-style-type: none"> • Little incentive by management to manipulate revenue recognition; • Limited opportunity to manipulate revenue recognition; and • Lack of rationalisation of fraud within the entity due to the controls and processes in place. <p>We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Council, and we are satisfied that this is not a significant risk for the reasons set out below:</p> <ul style="list-style-type: none"> • Little incentive by management to manipulate expenditure recognition; • Limited opportunity to manipulate expenditure recognition; and • Lack of rationalisation of fraud within the entity due to the controls and processes in place. <p>Inherent risk of material misstatement: Revenue and expenditure recognition: Low</p>	<p>We have completed substantive audit testing on:</p> <ul style="list-style-type: none"> • HRA rental income for 2021/22, 2022/23, 2023/24 and 2024/25. No issues were identified. <p>We have started substantive audit testing in the following areas:</p> <ul style="list-style-type: none"> • Housing benefit expenditure- 2021/22, 2022/23, 2023/24 and 2024/25 • Housing benefit grant income- 2021/22, 2022/23, 2023/24 and 2024/25 • Other service expenditure- 2021/22, 2022/23, 2023/24 and 2024/25 <p>However, we have been unable to complete the above testing and perform all of the planned testing for this significant risk due to the delay in receiving the draft accounts ahead of the backstop date.</p> <p>Based on the above, and the other factors explained in the report, we plan to issue a disclaimer of opinion for 2024/25.</p>



Key audit findings: significant risks

Significant risks	Audit approach
<p>Valuation of council dwellings, investment properties and other land and buildings (key accounting estimate)</p> <p>Revaluation of other land and buildings should be performed with sufficient regularity so that carrying amounts are not materially misstated. It is our understanding that the Council undertakes this annually.</p> <p>The Council carries out a full revaluation each year of its council dwellings which are valued using the beacon method. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates.</p> <p>Investment property is valued annually at fair value, in line with the CIPFA Code.</p> <p>Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2025. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>These valuations represent key accounting estimates made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of other land and buildings, council dwellings and investment property as a significant risk.</p> <p>Inherent risk of material misstatement: Council dwellings, investment properties and other land and buildings (valuation): High</p>	<p>We have been unable to perform any of the planned testing as set out in the audit plan for this significant risk due to the delay in receiving the draft accounts ahead of the backstop date.</p> <p>Based on the above, and the other factors explained in the report, we plan to issue a disclaimer of opinion for 2024/25.</p>



Key audit findings: significant risks

Significant risks	Audit approach
<p>Valuation of pension assets and liabilities (IAS19) (key accounting estimate)</p> <p>An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p>Inherent risk of material misstatement: Pension assets and liabilities (valuation): High</p>	<p>In 2024/25, we did not carry out any work on this significant risk area due to the lack of prior year assurance available relating to the current triennial valuation. We will re-commence work on the pension fund liability in 2025/26 by which time the next triennial valuation will have been performed.</p> <p>From 2025/26, procedures to be performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert; • Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements; • Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council’s share of the investment valuations in the audited pension fund accounts’ and Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements <p>We have not been able to gain any assurance over year-on-year movements, interest costs, interest on assets, actual return on asset, share of assets and service costs due to the prior year balances being disclaimed, meaning we have no assurance over opening balances. The closing balances in these areas are directly influenced by the opening balances.</p> <p>In addition, we have not been provided with assurance by the pension fund auditor over membership of the pension fund back to the last triennial valuation. This means we have no assurance on the movements in year and cannot gain sufficient audit evidence on the material accuracy of the valuation of the pension fund liability as at 31 March 2025. Therefore, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we therefore plan to disclaim the audit for the financial year 2024/25. More detailed findings on our consideration of this estimate are contained later in this report.</p>



Key audit findings: other risks

Other risks

This section summarises conclusions in relation to other identified risks which, although not considered to be significant, required specific consideration during the audit, or were risks otherwise identified during the course of the audit

Other risks	Audit approach
<p>Implementation of IFRS 16</p> <p>IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025.</p> <p>The implementation of this new accounting standard also represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement upon recognition of the right of use asset and associated lease liability. We have therefore identified the implementation of IFRS 16 as a significant risk.</p> <p>Inherent risk of material misstatement:</p> <p>Lease liability following implementation of IFRS 16 (completeness): Moderate</p>	<p>We have been unable to perform any of the planned testing as set out in the audit plan for this risk due to the delay in receiving the draft accounts ahead of the backstop date.</p> <p>Based on the above, and the other factors explained in the report, we plan to issue a disclaimer of opinion for 2024/25.</p>



Key audit findings: other balances and areas of testing 24/25

Testing area	Commentary	Conclusion
Grant income <ul style="list-style-type: none"> • Government grants and contributions £20,070 • Capital grants and contributions £1,927k 	We have: <ul style="list-style-type: none"> • Reconciled the government grants and contributions income and capital grants and contributions income as per the financial statements to the trial balance • Started substantive testing of Housing Benefit Subsidy Income Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.	We have started but not been able to conclude our work for the reasons set out to the left.
Fees and charges income £31,917k	We have: <ul style="list-style-type: none"> • Agreed the value in the accounts to the TB and supporting notes for fees and charges. Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.	We have started but not been able to conclude our work for the reasons set out to the left.
Other services expenditure £22,313k (excluding housing benefit expenditure)	We have <ul style="list-style-type: none"> • Agreed the trial balance to supporting notes for other services expenditure. Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.	We have started but not been able to conclude our work for the reasons set out to the left.
Housing benefits expenditure £10,259k	We have considered housing benefit expenditure for 24/25 and all disclaimed periods as part of our build back work. See page 37 for further details.	Due to the time constraints arising from the statutory backstop we have not been able to complete our planned audit procedures.



Key audit findings: other balances and areas of testing 24/25

Testing area	Commentary	Conclusion
Income from Council tax income and NDR £27,749k	<p>We have:</p> <ul style="list-style-type: none"> Agreed the ledger breakdown to the TB and supporting notes for income from council tax and NDR <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Housing revenue account income £21,719k	<p>We have</p> <ul style="list-style-type: none"> Completed our analytical procedures to assess actual HRA income against expected HRA income <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Interest and investment income £1,912k	<p>We have:</p> <ul style="list-style-type: none"> Agreed the ledger breakdown to the TB and supporting notes for interest and investment income. <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Investment property income £727k	<p>We have:</p> <ul style="list-style-type: none"> Agreed the ledger breakdown to the TB and supporting notes for investment property income. <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Employee benefit expenditure £24,369k	<p>We have:</p> <ul style="list-style-type: none"> Agreed the ledger breakdown to the TB and supporting notes for employee benefit expenditure. <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.



Key audit findings: other balances and areas of testing 24/25

Testing area	Commentary	Conclusion
Completeness of income	Due to the time constraints arising from the statutory backstop, we have not been able to complete our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.	Due to the time constraints arising from the statutory backstop we have not been able to complete our planned audit procedures.
Debtors £16,411k	<p>We have</p> <ul style="list-style-type: none"> • Agreed the accounts to the TB and supporting notes for short-term debtors <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Cash and cash equivalents £20,466k	<p>We have:</p> <ul style="list-style-type: none"> • Agreed the ledger breakdown to the TB and supporting notes for cash and cash equivalents. <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Creditors £20,376k	<p>We have:</p> <ul style="list-style-type: none"> • Agreed the ledger breakdown to the TB and supporting notes for creditors <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.



Key audit findings: other balances and areas of testing 24/25

Testing area	Commentary	Conclusion
Completeness of expenditure	Due to the time constraints arising from the statutory backstop, we have not been able to complete our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.	Due to the time constraints arising from the statutory backstop we have not been able to complete our planned audit procedures.
Depreciation, amortisation and impairment £6,451k	<p>We have</p> <ul style="list-style-type: none"> • Reconciled the depreciation of non-current assets as per the note in the financial statements to the GL. • Agreed the depreciation expense shown in the financial statements to the FAR. • Started our analytical procedures on the depreciation expense for accuracy and completeness. <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
PPE Additions £8,802k	<p>We have</p> <ul style="list-style-type: none"> • Agreed the ledger breakdown for additions to the GL and FAR and the note for property, plant and equipment. • Selected samples for testing to verify accuracy and occurrence of the transactions. <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Short term investments £10,000k	<p>We have:</p> <ul style="list-style-type: none"> • Agreed the accounts to the TB and supporting notes for investments. <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.



Key audit findings: other balances and areas of testing 24/25

Testing area	Commentary	Conclusion
Short term provisions £717k	<p>We have:</p> <ul style="list-style-type: none"> Agreed the ledger breakdown to the TB and supporting notes for provisions. <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Borrowing <ul style="list-style-type: none"> Long term £54,020k Short term £1,297k 	<p>We have:</p> <ul style="list-style-type: none"> Agreed the ledger breakdown to the TB and supporting notes for long and short-term borrowing <p>Due to the time constraints arising from the statutory backstop, we have not been able to complete all of our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Reserves	<p>We have:</p> <ul style="list-style-type: none"> Evaluated the completeness of the statutory adjustments included in the 2024/25 movement in reserves statement Reconciled the internal consistency of reserves movements in year with other parts of the financial statements Not been able to conclude the accuracy of the movements as the movements and the closing balance are directly influenced by the opening balance 	We have started but not been able to conclude our work for the reasons set out to the left.
Collection fund	Due to the time constraints arising from the statutory backstop, we have not been able to complete our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.	Due to the time constraints arising from the statutory backstop, we have not been able to complete our planned audit procedures.
Cash flow statement	Due to the time constraints arising from the statutory backstop, we have not been able to complete our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.	Due to the time constraints arising from the statutory backstop, we have not been able to complete our planned audit procedures.



Key audit findings: other procedures

Other specific procedures we have undertaken in 2024/25 include the following:

- ▶ Responding to any actual or suspected non-compliance with laws and regulations of which we have become aware;
- ▶ Reviewing minutes of meetings including, but not limited to, full Council, Cabinet and the Audit Committee;
- ▶ IT General controls and work under ISA315;
- ▶ Business process documentation and walkthroughs;
- ▶ Agreeing opening balances and comparative figures to prior year financial statements;
- ▶ Agreeing the financial statements to the Council's trial balance;
- ▶ Checking financial statements for internal consistency and arithmetic accuracy;
- ▶ Confirming the audit fee reported in the financial statements;
- ▶ Completing disclosure checklists to assess for material omissions or disclosure errors;
- ▶ Undertaking a high-level Audit Manager and Engagement Lead review of the 2024/25 financial statements;
- ▶ Confirming that accounts have been issued and approved in line with The Accounts and Audit Regulations 2015;
- ▶ Procedures in respect of subsequent events after the balance sheet date, including enquiries of management;
- ▶ Updating our planning and risk assessment and procedures on receipt of the financial statements (post-statement procedures) including re-considering our materiality thresholds;
- ▶ Updating our scoping procedures following receipt of the financial statements;
- ▶ Undertaking post-statement analytical procedures;
- ▶ Reviewing the form and content of the Annual Governance Statement;
- ▶ Evaluating any misstatements identified; and
- ▶ Drafting an Audit Plan and Audit Completion Report and presenting these to the Audit Committee.



Key audit findings: other areas of focus

Area of focus	Issue	Audit findings and conclusion
Significant matters on which there was disagreement with management	There were no significant matters on which there was disagreement with management	None noted
Significant management judgements which required additional audit work and / or where there was disagreement over the judgement and / or where the judgement is significant enough that we are required to report it to those charged with governance before they consider their approval of the accounts	At the time of writing this report, there were no major transactions that required special accounting consideration	None noted
Prior year adjustments identified	At the time of writing this report, there were no prior year adjustments noted	None noted
Concerns identified in the following: <ul style="list-style-type: none"> • Consultation by management with other accountants on accounting or auditing matters • Matters significant to the oversight of the financial reporting process • Adjustments / transactions identified as having been made to meet an agreed system position / target 	No concerns were identified	None noted



Other responsibilities



Financial statements: other responsibilities

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Matter	Commentary	Findings
Matters in relation to fraud	We have previously discussed the risk of fraud with management and the audit and governance committee. We have not been made aware of any other incidents in the period. No other issues have been identified during the course of our audit from the work we have been able to complete.	The work we have completed has not identified any issues. However, we have not completed all audit procedures required to allow us to reach a conclusion in this area and we will issue a disclaimer of opinion.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed from the work we have been able to complete.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area
Matters in relation to compliance with laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations, and we have not identified any instances from the audit work we have been able to complete.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area
Written representations	A letter of management representations has been requested from the Council.	Please refer to the letter of representation included alongside this report.



Financial statements: other responsibilities

Matter	Commentary	Findings
Confirmation requests from third parties	We have not requested permission from the Council for us to send confirmation requests to the financial institutions, with which the Council hold cash or investments, or their legal advisors.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.
Disclosures	From the work completed, our review found that notes to the accounts for intangible assets, heritage assets, related parties and income and expenditure analysed by nature were not included in the draft accounts.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.
Specified procedures for the Whole of Government Accounts	<p>We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions. Group instructions were issued in August 2025 which set out the procedures that the NAO require from component auditors. However, the NAO may direct auditors of components below the audit threshold to undertake additional work.</p> <p>The Council does not exceed the audit threshold for detailed testing set out in the group instructions. Submission of a partial assurance statement is required.</p>	We will complete and submit a partial assurance statement after issue of our auditor's report and await further guidance on whether or not any additional testing is required.
Certification of closure of the audit	We are required to certify the closure of the audit on completion of all audit work for the financial year required under the Code.	We cannot issue our certificate of closure until the Comptroller and Audit General has certified the WGA for 2024-25. Our auditor's report will therefore include a delayed certificate.
Statutory powers and duties	We are required to report by exception if we have applied our other statutory powers or duties during the audit.	We have not exercised any of our additional statutory powers or duties.



Financial statements: other responsibilities

Matter	Commentary	Findings
<p>Going concern</p>	<p>As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570). Management prepared the financial statements on a going concern basis applying the continuation of services provision set out in Practice Note 10. We have confirmed that this is appropriate as there is no known intention to transfer the services provided by the Council outside the public sector. We have not identified any material uncertainties relating to going concern at the Council.</p>	<p>As we have been unable to conclude our audit in advance of the backstop date, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> • a material uncertainty related to going concern has not been identified • management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
<p>Other information (Narrative report and Annual Governance Statement)</p>	<p>We are required to read and report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements and our knowledge obtained from the audit or otherwise appears to be materially misstated. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or whether risks are satisfactorily addressed by internal controls.</p>	<p>We have considered the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We requested that management make amendments to the AGS to specifically reference the significant weaknesses identified from our VFM work in relation to the implementation of Unit 4.</p> <p>As we have concluded we will be issuing a disclaimer of opinion we have not concluded on this work.</p>
<p>Matters on which we report by exception</p>	<p>We are required to report on a number of matters by exception:</p> <ul style="list-style-type: none"> • If the annual governance statement does not comply with the disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • Where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses 	<p>As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area. However, we have raised three significant weaknesses as part of our VFM work, further details can be found later in this report.</p>



Audit adjustments



Audit adjustments

Adjustments to the draft financial statements

Management have made some material adjustments to the draft financial statements presented for audit:

1. We have also noted that there has been an increase in the Councils net expenditure of £649k from the draft financial statements to the final version. In addition, there has been an increase in taxation and non-specific grant income of £1.170m. In totality this has led to a movement to the total comprehensive income and expenditure by £1.819m.
2. A corresponding adjustment has been made to capita grants received in advance on the balance sheet of £1.819m.
3. There have been changes to the cashflow statement and the movement in reserves statement to reflect the changes noted above.



Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit.

Disclosure / issue / omission	Outcome	Adjustment agreed?
<u>Audit fees</u> Management incorrectly disclosed the audit fee for 24/25.	Management has agreed to change the disclosure.	Y
<u>Intangibles notes and heritage assets</u> Management incorrectly excluded the notes for both heritage and intangible assets.	Management has agreed to change the disclosure.	Y
<u>Annual Governance Statement</u> Management had not provided sufficient information in relation to the governance weaknesses relating to the Unit4 finance system.	Management has agreed to change the disclosure.	Y
On the balance sheet the pension liability has been split out from the other long-term liabilities.	Management has agreed to change the disclosure.	Y
There have been some minor changes to the narrative report and financial statements based on our high-level review of the Statement of accounts. Note, this review will not have captured all potential findings as we have not undertaken all substantive planned procedures on the 2024/25 financial statements, due to the backstop and prior year disclaimed periods.	Management has agreed to change the disclosure.	Y



Building back assurance



Building back assurance

We set out below the work we have done to build back assurance from disclaimed years of audit. Our work has been undertaken in accordance with the statutory guidance set out in Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01 to 06

Build back activity	Commentary	Outcome
<p>Risk Assessment (LARRIG 06)</p> <p>We are required by LARRIG 06 to evaluate the inherent risk of material misstatement in the opening general fund and HRA balances and associated earmarked reserves following prior year disclaimers.</p> <p>This in turn informs the volume of work necessary to recover assurance over the reserves position as a 1 March 2025.</p>	<p>We have considered the guidance set out in LARRIG 06 issued by the National Audit Office to determine the risk of material misstatement in the general fund and HRA reserves of the Council at 1 March 2025.</p> <p>This involved a detailed assessment of a number of risk factors, as set out in LARRIG 06, including consideration of the following:</p> <ul style="list-style-type: none"> • Whether the Council has a history of timely production of the financial statements • The number of years for which disclaimed opinions have been issued • The complexity and volume of movement in reserves over the disclaimed period • The strength of the control environment in place over the period of disclaimed opinions • Changes in key personnel, financial reporting systems or key processing activities during the disclaimed period • Previous reporting of significant deficiencies in control, significant weaknesses in arrangements to secure VFM or material or other misstatements • The level of reserves in place over the disclaimed period • Issues reported by Internal Audit and in the Annual Governance Statements 	<p>We have substantially completed this work, subject to final write-up to document our conclusions.</p> <p>Our assessment is to categorise the Council at the higher end of the risk spectrum.</p>



Building back assurance

Build back activity	Summary of work completed	Outcome
<p>Analysis of movements in reserves</p> <p>Combined with the risk assessment, the analysis of movements in reserves informs the volume of work necessary to recover assurance over the reserves position at 31 March 2025.</p>	<p>We have performed an analysis of the movements in useable and unusable reserves and reconciled these to elsewhere in the financial statements to ensure consistency. Whilst this was not able to be used to support a low-risk approach, it has given some assurance over the consistency of reserve movements.</p> <p>This has substantially been completed for years: 2020/21, 2021/22, 2022/23 and 2023/24. In addition, we have completed this work for 2024/25 to aid in continuing to build back assurance in future.</p>	<p>This has been a large piece of work which we are still in the process of writing up in full to document on our audit file. Whilst this is supporting our assessment that the Council is lower risk, we will consider any further work which may be needed in specific pin-pointed areas in the future.</p>
<p>Phase 2: Build back of assurance in respect of Property, Plant and Equipment over the disclaimed period</p> <p>In order to build back assurance over the reserves, we are required to undertake substantive testing of movements in property, plant and equipment over the disclaimed period.</p>	<p>We have started testing on the following areas:</p> <ul style="list-style-type: none"> Additions (2021/22, 2022/23, 2023/24 and 2024/25) Disposals (2021/22, 2022/23, 2023/24 and 2024/25) Reclassifications (2021/22 and 2023/24) Depreciation (2021/22, 2022/23, 2023/24 and 2024/25) <p>Work completed to date has identified some material adjustments, however we will not know the full extent of these until we have finished our build back testing on PPE movements. Any required changes to the core financial statements will be processed in the 2025/26 accounts.</p>	<p>We have started but not completed our work on PPE movements.</p> <p>We noted in the 2023/24 ACR that there are some material adjustments required to note 8 of the accounts. However, we will not know the full extent of these until we have finished our build back testing on property, plant and equipment movements since 2021/22. This work is ongoing and any required changes to the impact on the core financial statements will be processed in the 2025/26 accounts.</p>



Building back assurance

Build back activity	Commentary	Audit view
<p>Phase 2: Build back of assurance in respect of other balances directly influenced by the opening position over the disclaimed period</p> <p>In order to build back assurance over balances where the closing position is directly influenced by the opening position, we are required to undertake substantive testing of movements in these balances over the disclaimed period.</p>	<p>We have not completed build back assurance work on any other balances within the Council's balance sheet due to limitations in timing and resource.</p>	<p>We have not completed build back assurance work on any other balances within the Council's balance sheet due to limitations in timing and resource.</p>
<p>Phase 2: Build back of assurance on income and expenditure since the previous unqualified opinion in 2020/21</p>	<p>We have started testing on the following areas:</p> <ul style="list-style-type: none"> • Housing benefit expenditure (2021/22, 2022/23, 2023/24 and 2024/25) • Housing benefit income (2021/22, 2022/23, 2023/24 and 2024/25) • Other service expenses (2021/22, 2022/23, 2023/24 and 2024/25) <p>We have completed our testing in the following areas:</p> <ul style="list-style-type: none"> • HRA rental income (2021/22, 2022/23, 2023/24 and 2024/25). We have noted identified any issues from this work. <p>We have not been able to complete testing on the other areas listed above. Management have committed to find additional time to complete the above.</p>	<p>We have started but not completed our work as outlined to the left.</p>



Value for money



Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

We have completed our value for money work. Our detailed findings were reported in our Auditor's Annual Report.

We have concluded there are significant weaknesses in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The significant weaknesses and key recommendations arising are summarised on the next page. Our auditor's report will refer to the significant weaknesses in arrangements we have identified. Further detail is contained in our Auditor's Annual Report.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	Yes
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	No	Yes	No
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No	Yes



Value for money: significant weaknesses and key recommendations

The significant weaknesses we have identified and the key recommendations made are set out below. Our detailed commentary is set out in our separate Auditor’s Annual Report.

Significant weakness identified	Criteria	Sub criteria	Key recommendation
<p>The council was unable to provide documentation that supported the initial and ongoing decisions made by the project board historically in relation to the implementation of Unit 4. Specifically, considerations of the risks and potential impacts associated with implementing a new system which had not been fully developed at the point of implementation.</p>	<p>Governance</p>	<p>How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance</p>	<p>We recommend that the Council records are maintained for key procurement activities, which clearly support management’s decision-making process. For such decisions, the Council should perform options appraisals, considering the risks present and mitigations needed to reduce any risks present to an acceptable level.</p>
<p>The council has been unable to produce the 2023/24 and 2024/25 accounts in line with the statutory deadline of 31 May due to capacity restrictions within the finance team, and issues with the implementation of the new accounting software Unit4.</p>	<p>Governance</p>	<p>how the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>We recommend that the Council ensure sufficient capacity is available within the finance team, on a substantive basis to ensure the financial accounts can be produced to the required quality standards and in line with statutory deadlines.</p>



Value for money: significant weaknesses and key recommendations

The significant weaknesses we have identified and the key recommendations made are set out below. Our detailed commentary is set out in our separate Auditor's Annual Report.

Significant weakness identified	Criteria	Sub criteria	Key recommendation
Communication to members in regarding the ongoing implementation delays relating to Unit 4 did not fully communicate the severity, extent or the impact of the issues experienced.	Governance	How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance	We recommend that the Council enhance the transparency, regularity and timeliness of reporting to members, with a specific focus on the continued implementation of the Unit4 ERPx system.



Independence and ethics



Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession’s ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC’s Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office’s Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

- ▶ Non-audit services: We provide assurance services as set out below
- ▶ Contingent fees: No contingent fee arrangements are in place for any services provided
- ▶ Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff
- ▶ Relationships: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Non-audit service fees

Service	2024/25 Fee £	Threats identified	Safeguards
Housing Benefit (HBAP) certification	£28,000 (plus £2,000 for each additional workbook)	Self interest (recurring fee)	<p>Self-interest: Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or the Council. The fee is fixed and is not contingent in nature.</p> <p>Self-review: Whilst housing benefit revenue and expenditure streams are within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by management.</p> <p>Management: As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.</p>



Independence and ethics

Service	2024/25 Fee £	Threats identified	Safeguards
Pooling of Housing Capital Receipts	£10,000	Self-interest (recurring fee)	<p>Self-interest: Given this is likely to be a recurring fee, we consider a threat present. The fee is not significant to Azets Audit Services or the Council. The fee is fixed and not contingent in nature.</p> <p>Self-review: Whilst HRA right-to-buy proceeds are included within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by management.</p> <p>Management: the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report.</p> <p>We therefore consider these risks sufficiently mitigated.</p>



Appendices



Appendices

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Recommendations



Appendix I: Recommendations

Recommendations identified during the course of our audit.

The matters reported here are limited to deficiencies we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. Recommendations arising from our value for money work are reported separately in our Auditor’s Annual Report.

Assessment	Issue	Recommendation	Management response
AMBER	North West Leicestershire District Council has not undertaken testing of the ICT Information Security Incident Response Procedure or any of its associated playbook.	North West Leicestershire District Council should schedule and conduct regular testing of its ICT Information Security Incident Response Procedure and playbooks—such as tabletop exercises or simulated cyber incidents—to validate the effectiveness of response plans, ensure staff readiness, and identify areas for improvement. Testing outcomes should be documented, lessons learned should be integrated into updated procedures, and results should be reported to senior management for oversight.	We will build testing of the playbooks into our BCP plans.
AMBER	We identified a number of generic user accounts in Active Directory which are not attributable to an individual user. A high percentage of these accounts were identified as no longer required.	We recommend that all user accounts be unique and attributable to an individual user. Where this cannot be avoided, these account types should be limited and maintained in a controlled manner with logging in place.	We review all domain, service and admin accounts every QTR, we have reduced the number of service accounts that we used to have. This number will keep going down whilst we get rid of legacy systems. I can only see this getting better and the number of generic accounts being reduced.



Appendix I: Recommendations

Recommendations identified during the course of our audit.

The matters reported here are limited to deficiencies we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. Recommendations arising from our value for money work are reported separately in our Auditor's Annual Report.

Assessment	Issue	Recommendation	Management response
AMBER	We identified a large volume of service accounts with Domain Administrator access in Active Directory.	We recommend conducting a review of all privileged users, ensuring that user accounts with elevated access require these permissions to perform their job role and are disabled when not in use to prevent unauthorised access. This would help to ensure that the provisioning of accounts with Domain Admin access is necessary and appropriate for the use of the account.	We review all domain, service and admin accounts every QTR, we have reduced the number of service accounts that we used to have. This number will keep going down whilst we get rid of legacy systems. I can only see this getting better and the number of generic accounts being reduced.

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice



Appendix I: Recommendations

Recommendations identified during the course of our audit.

The matters reported here are limited to deficiencies we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. Recommendations arising from our value for money work are reported separately in our Auditor's Annual Report.

Assessment	Issue	Recommendation	Management response
GREEN	The organisation does not have a disaster recovery plan or business continuity plan in place in the event of Unit 4 services being unavailable.	We recommend implementing a business continuity plan or disaster recovery plan for the finance system in the event of an incident.	Confirmed with Manjinder Gosal on 25/09/2025 that other than the IT policy finance do not have their own policy on this.
GREEN	We identified one user with access to the job schedules in Unit4 that has left the organisation.	We recommend conducting a review of users with access to the job scheduling tool in Unit 4 and ensure access is appropriate and necessary.	A user access review will be conducted every year. Also please note that Unit4 is SSO and can not be accessed once leaver is processed by ICT. EG If user is no longer active on Active Directory then they have no access to Unit4 as well.
GREEN	North West Leicestershire District Council has in place a Technical Environment Supplier Questionnaire, which is used during procurement to assess cyber security risks related to third-party suppliers. This questionnaire requires prospective suppliers to provide information including their security accreditations, data protection controls, and vulnerability resolution processes. The Council does not have a process in place by which assessments are re-applied, either at a pre-determined frequency or in response to contractual changes.	North West Leicestershire District Council should enhance existing processes by undertaking reassessment of suppliers at contract renewal, in response to any significant changes, and using a risk-based approach which considers criticality to the organisation.	We will build the review into future renewals

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice



Appendix I: Recommendations

Recommendations identified during the course of our audit.

The matters reported here are limited to deficiencies we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. Recommendations arising from our value for money work are reported separately in our Auditor's Annual Report.

Assessment	Issue	Recommendation	Management response
GREEN	The policy states that user access reviews should be conducted every 3 months however the last review was in November 2024 for Active Directory. The next review is scheduled for May 2025.	We recommend ensuring that the user access review policy is followed by all users and that regular review of user access is undertaken.	We carry out a 90 day AD audit, where we produce a report on AD accounts that have not been logged into for 90 days. We then use this data to find out from managers if staff members are still employed or have left the business. On top of the 90 days review we perform a yearly user access review in AD and across all our key line of business systems.

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice



Appendix I: Internal control recommendations

Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Management update 2024/25	Outcome
AMBER	Unit 4 back up reports The Council has not been receiving back up reports from the Unit 4 system supplier. This could result in data loss or data errors if a system outage was to occur.	The finance team should request backup reports from the system supplier to ensure that their data is backed up and up to date.		
GREEN	Unit 4 access review A review of user access to Unit 4 has not been completed. However, we note that the system had not been operational for a full year at the point the observation was raised.	A review of people with access to Unit 4 should be undertaken periodically to ensure access remains appropriate.		



Fees



Appendix II: Fees

Our fees for the year ending 31 March 2025 are set out in the PSAA scale fees communication and are shown below and on the next page:

Audit fees	Proposed fee £	Final fee £
<i>Scale fee – base fee for the audit of the Council’s financial statements (as set out in the scale fees issued by PSAA)</i>		
Core work	163,742	81,871*
<i>Other fees</i>		
Additional work arising from VFM significant weaknesses	0	0**
IFRS16 Leases: work needed to audit the new standard. PSAA have confirmed this work is not included in the above scale fee	TBC	0***
Implementation of a new financial ledger	TBC	0****
Sub total	TBC	81,871

* Due to the late submission of the 2024/25 accounts which limited the amount of audit work it was possible to complete, only 50% of the scale fee has been charged based on our time spent. This is subject to PSAA review and determination.

** VFM work completed jointly for 23/24 and 24/25. We reported our findings in November 2025 and therefore have included all additional work in 23/24. No additional fee charged in 24/25 for VFM significant weaknesses.

*** Due to the late submission of the 2024/25 accounts, we did not get sufficient time to audit the IFRS 16 related disclosures

**** This work has become part of our risk assessment (Larrig 06) in 24/25.



Appendix II: Fees

Audit fees	Proposed fee £	Final fee £
<i>Disclaimer fees</i>		
Disclaimer fees: in year disclaimer planning and reporting. Additional work required to issue the disclaimer of opinion. This includes the extended reporting contained in this report and the audit plan, additional review and consultation requirements and additional file documentation requirements.	TBC	14,940
<i>Build back fees</i>		
Opinion: costs to recover assurance over disclaimed periods: LARRIG 06 risk assessment Movement in Reserves build back 21/22-24/25 Build back assurance- PPE movements 21/22-24/25 Build back assurance- housing benefit expenditure 21/22-24/25 Build back assurance- housing benefit income 21/22-24/25 Build back assurance- operating expenditure 21/22-24/25	TBC	21,705 18,769 20,978 31,030 17,600 30,000
Sub total	TBC	154,572
Sub-total carried forward from previous page	TBC	81,871
Total audit fees	TBC	236,893



Appendix II: Fees

Total fees

Non audit fees for other services	Proposed fee £	Final fee £
Housing Benefit (HBAP) certification	28,000*	28,000*
Pooling of Housing Capital Receipts certification	10,000	10,000
Total non audit fees	38,000*	38,000*
Fees brought forward for the core audit and build back, plus disclaimer reporting costs (see previous page)	TBC	236,893
Total fees charged	TBC	274,898*

*Plus £2,000 for each additional workbook. Work on 2024/25 certification is still ongoing so the final fee is not known yet.

The audit fees charged reconcile to the fees disclosed in the financial statements subject to the fees variation process as outlined by the PSAA. MHCLG has announced additional funding for councils to meet the cost of work undertaken to issue disclaimed opinions and recover (build back) assurance over prior disclaimed periods with a view to returning to unmodified opinions at a future date.



