



North West Leicestershire District Council

Audit Completion Report for Those Charged with Governance

Year ended 31 March 2024

February 2026



Audit and Governance Committee
North West Leicestershire District Council
Coalville
LE67 0FW

February 2026

Dear Audit and Governance Committee Members

North West Leicestershire District Council – Completion report for Those Charged with Governance for the year ended 31 March 2024

This Audit Completion Report summarises the approach and outcomes arising from our audit for the benefit of Those Charged with Governance, as required by International Standard on Auditing (UK) 260, the National Audit Office Code of Practice 2024 (the ‘Code’) and associated Auditor Guidance Notes. The contents of this report relate only to those matters which came to our attention during the conduct of our audit procedures and have been discussed with management.

We were appointed as auditors to perform the audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), which are directed towards forming and expressing an opinion on the financial statements that have been prepared on behalf of management with the oversight of Those Charged with Governance.

Statutory Instrument (2024) No.907 - “The Accounts and Audit (Amendment) Regulations 2024” (the SI) imposed a backstop date of 28 February 2025 by which date we were required to issue our opinion on the financial statements. The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2024, imposed a statutory backstop date of 28 February 2025 for the publication by the Council of their final Statement of Accounts for 2023/24. The Code of Audit Practice (2024) (the Code) issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (the Code) specifies that auditors are required to issue their auditor’s report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with these statutory reporting timescales.

We were unable to issue our disclaimed opinion on the financial statements for 2023/24 by the backstop date as, at this date, the Council had not produced any financial statements upon which an opinion could be issued. The Council subsequently published the 2023/24 accounts on 29 August 2025, six months after the backstop date. The time constraints mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the audit and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation).

Auditors have to consider whether the time constraints imposed by the backstop date mean that they cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support their opinion and fulfil all the objectives of the ISAs (UK). For 2023/24, the time constraints are further restricted by the fact that the statutory backstop date of 13 December 2024 for outstanding periods to 31 March 2023 – all preceding audit periods – resulted in the issue of disclaimed audit opinions by the Council's predecessor auditor for the financial years ended 2022/23 and 2021/22. The 2021/22 and 2022/23 audits were disclaimed in line with the 13 December 2024 backstop date, resulting in a lack of assurance on the Council's opening balances at 1 April 2023.

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimer of opinion in our auditor's report.

In completing our work for this audit year, we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" and Local Audit Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice (2024), the Statement of Responsibilities (from 2023/24 audits) issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

The responsibilities of the Council and Those Charged with Governance remain unchanged. The Council's Responsible Finance Officer has a responsibility under The Accounts and Audit Regulations 2015 to confirm that the Accountability Statements included in the Statement of Accounts give a true and fair view. Those Charged with Governance have an essential role in ensuring that it has assurance over the quality and accuracy of the financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. The Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) clearly set out what is expected of audited bodies in preparing their financial statements.

Alongside our audit of the financial statements, under the Code we are also required to consider your arrangements for securing economy, efficiency and effectiveness in your use of resources and to report any significant weaknesses we identify, including reporting these in our auditor's report. We consider and report on the adequacy of the Council's financial reporting arrangements and the effectiveness of the Audit and Governance Committee, as the Council's body charged with governance, in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements. We also consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Where, as part of our work, we identify control weaknesses we also report these to you. 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 defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

This report is intended solely for the information and use of the Audit and Governance Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to record our appreciation for the assistance provided by your team during our audit.

Yours sincerely

Laura Hinsley

Key Audit Partner

For and on behalf of Azets Audit Services



This report has been prepared for the sole use of the Council's management and Those Charged with Governance. It should not be quoted in whole or in part without our prior written consent and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to any third parties. To the fullest extent permitted by law, we do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary

This section summarises for those charged with governance the work we performed on the Council's financial statements, our findings on your value for money arrangements and other matters arising from the statutory audit of North West Leicestershire District Council for the year end 31 March 2024.

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

- *The Council's financial statements give a true and fair view of the financial position of the Council and its 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') 2023/24 and the Local Audit and Accountability Act 2014.*

We are also required to report on other matters under the Code of Audit Practice (2024), including any significant weaknesses we have identified in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Context for the audit

Timely, high-quality financial reporting and audit of local bodies is vital. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and that all stakeholders in the sector need to work together to address this. The factors which have led to this situation are widespread and varied. These include the following:

- Increased complexity of financial and other reporting requirements within the sector;
- Increased volume of complex capital and income generation transactions which require specialist accounting and auditing expertise, and which take significantly more time to prepare and audit;
- Lack of capacity within local authority financial reporting professions and audit firms with specialist public sector experience; and
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

The Ministry of Housing, Communities and Local Government (MHCLG), formerly the Department of Levelling Up Homes & Communities (DLUHC), has worked collaboratively with the Financial Reporting Council (FRC) and other system partners including the NAO to develop and implement measures to clear the backlog.

In July 2024, the Minister for MHCLG issued a statement confirming the government's plans to:

- **Reset** and clear the backlog through the setting of a statutory backstop date of 13 December 2024 for any outstanding financial statements for financial years to 2022/23;
- **Recover** assurance over a five-year period to 2027/28 to avoid a recurrence of the backlog through the setting of further backstop dates for financial years 2023/24 to 2027/28; and
- **Reform** the local audit system to address the systemic challenges and embed timely financial reporting and audit.

Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Audit Reset and Recovery Implementation Guidance give effect to the ministerial statement and have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)).

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Executive summary

Statutory backstop dates were published in The Accounts and Audit (Amendment) Regulations 2024, which were approved by Parliament and came into force on 30 September 2024. These regulations were subsequently incorporated into The Accounts and Audit Regulations 2015 (as amended).

Alongside this updated legislation the NAO updated the Code of Audit Practice (the Code) to reflect the statutory backstop requirements. The 2024 Code was approved by Parliament on 14 November 2024. At the same time the NAO issued the Local Audit Reset and Recovery Implementation Guidance (the LARRIGs) to facilitate auditor compliance with International Standards on Auditing (UK) (ISAs (UK), which were endorsed by the FRC.

The Council's 2021/22 accounts were published on 26 June 2024, and the 2022/23 accounts were published on 31 October 2024. The 2021/22 and 2022/23 audits were disclaimed in line with the 13 December 2024 backstop date, resulting in a lack of assurance on the Council's opening balances at 1 April 2023.

As a result of the system wide implementation of backstop dates, we intend to issue a disclaimer of the audit opinion on the Council's 2023/24 accounts.

Financial statements – the 2023/24 audit

The statutory deadline for councils to issue unaudited financial statements for 2023/24, as set out in the Accounts and Audit Regulations 2015 (as amended), was 31 May 2024. The Accounts and Audit Regulations 2015 required the Authority to make its financial statements for the year ended 31 March 2023 available for public inspection by the first working day in June 2023.

Whilst we had undertaken as much work as possible ahead of this date in support of the 2023/24 audit, we were not able to commence our work on the financial statements before the accounts were submitted to us.

The Council issued its unaudited financial statements on 29 August 2025, 15 months after the statutory deadline. The public inspection period ran from 01 September 2025 to 31 October 2025. Although we undertook as much preparatory, planning and interim work as possible in support of the 2023/24 audit, we were not able to commence our fieldwork on the financial statements before the accounts were submitted to us.

The absence of assurance over opening balances resulting from the disclaimers of opinion issued over the prior years, combined with the statutory backstop date for 2023/24 having passed before the accounts were published, restricted the audit procedures that we had planned to undertake to gain assurance on the Council's 2023/24 financial statements. These planned procedures were reported in our audit plan in April 2025. We also experienced delays in the receipt of information from the Council, as officers were also working on producing the 2021/22 and 2022/23 accounts, which impeded the progress of the 2023/24 audit prior to the production of the financial statements. As the backstop date had passed six months before the 2023/24 accounts were published, there is insufficient remaining time and resource available to obtain sufficient appropriate audit evidence to conclude that the 2023/24 financial statements as a whole are free from material misstatement, including recovering missing assurance from earlier years.

We therefore plan to issue a disclaimer of the audit opinion on the Council's 2023/24 accounts.

We have prioritised available resources in carrying out audit procedures which will provide us with audit information which we can accrete to future audit periods in line with the guidance set out in the LARRIGs.

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Executive summary

We have undertaken the following planning tasks:

- Required independence procedures;
- Determination of materiality at the planning stage and reconsideration upon receipt of the financial statements;
- Made inquiries of Management, Those Charged with Governance and Internal Audit;
- Procedures in relation to understanding the entity and its environment, and assessing the Council's control environment;
- Planning procedures in relation to applicable laws and regulations;
- Planning assessment and consideration of the Council's related party transactions;
- Review of key Council minutes;
- Review of internal audit reports and finding reports;
- Assessment of competence, capability and independence of experts used by the Council in the preparation of the financial statements;
- Undertaking planning analytical procedures and follow up with management;
- Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meetings, including our review of IT General Controls and additional procedures required under ISA (UK) 315;
- Risk-based scoping of audit procedures at the financial statements level and at the assertion level;
- Identified significant risks of material misstatement;
- Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report, e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money and any matters that may result in the use of the auditor's powers; and
- Production and agreement of the Audit Plan presented in April 2025.

In order to issue our auditor's report, we require completion of the following matters:

- Receipt and review of the management representation letter;
- Receipt and review of the final amended, approved Statement of Accounts;
- Responses from management regarding subsequent events up to the date of the opinion and completion of subsequent events audit procedures; and
- Final engagement lead 'stand-back' review of the file.

We will continue to consider existing and new information which could influence our final audit report (opinion).

Executive summary

The Council's Director of Resources is responsible for ensuring that the Council has adequate internal controls in place to produce financial statements that give a true and fair view and for reconfirming the material accuracy of the financial statements before they are approved by the Audit and Governance Committee.

Where, from our procedures performed, we have identified errors or misstatements in the financial statements, disclosure errors, or inconsistencies with the prior year, we report these in this report. Any such matters reported are not exhaustive due to the lack of time available to complete our work. We are unable to confirm if there are any other misstatements in the financial statements for 2023/24 beyond those reported in this report.

During our work we identified some deficiencies in your internal controls which are set out in Appendix 1.

Value for money

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.

We have completed our value for money work, and our detailed findings are presented in the Auditor's Annual Report, which will be issued alongside this Audit Completion Report.

In 2022/23 the predecessor auditor identified a significant weakness in the Council's arrangements for the preparation and publication of financial statements. The significant weakness remained appropriate at the time we completed our audit planning procedures for 2023/24. We have since completed further value for money work and have concluded accordingly.

We have made three key recommendations regarding the significant weaknesses identified in respect of governance. We have also raised one other recommendation regarding the Council's arrangements for improving economy, efficiency and effectiveness and one relating to the Council's arrangements for financial sustainability.

Statutory duties

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.

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it, or to bring it to the attention of the public.

We have not exercised any statutory powers or duties available to us for 2023/24.

We expect to certify the closure of the audit within our auditor's report.

Quality indicators

KEY:

RED:

Significant improvement required

AMBER:

Developing

GREEN:

Mature

Metric	Grading	Commentary
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 2024. The Council did not prepare its draft accounts in line with this deadline as, at the time, the prior year audit had not been concluded. The draft financial statements were published and made available for inspection on the Council's website on 29 August 2025, 14 months after the statutory deadline for publishing draft accounts and six months after the statutory backstop for publishing audited financial statements. We consider significant improvements to be required relating to the timeliness of the production of the Statement of Accounts.
Quality of working papers provided and adherence to timetable	Amber	We experienced delays in the provision of information throughout the planning phase of the audit. We did not request any working papers in relation to the draft financial accounts for the year ended 31 March 2024, as the backstop date has already passed, and we had insufficient time to complete substantive testing on the draft financial statements.
Timing 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 constrained by the need to prioritise the closure of the outstanding 2021/22 and 2022/23 audits led by the predecessor auditor. As a result, interaction with the finance team during the audit was subject to delays and resulted in the need to schedule additional interim visits and meetings.
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 2024. The Council did not prepare its draft accounts in line with this deadline as, at the time, the prior year audit had not been concluded. The Annual Governance Statement and Narrative Report were published and made available for inspection on the Council's website on 25 September 2025, 15 months after the statutory deadline for publishing draft accounts and seven months after the statutory backstop for publishing audited financial statements.
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 2023/24 financial statements agree with the figures in the 2022/23 disclaimed financial statements. Notwithstanding this, we have determined that the delay beyond the backstop date on 28 February 2025, 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.

Audit scope and general approach

This section sets out the scope and nature of our audit and should be considered in conjunction with the [Terms of Appointment](#) and [Statement of Responsibilities](#) issued by Public Sector Audit Appointments Limited (PSAA).

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.

Scope and general approach

Our objective when performing an audit is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach we:

- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We reported the significant and other risks we had identified in our audit plan to the Audit and Governance Committee in April 2025.

Work undertaken in 2023/24

2023/24 is our first year of appointment as external auditors to North West Leicestershire District Council. We commenced our audit in September 2023 and have undertaken planning procedures and interim testing procedures, including additional work required under ISA (UK) 315. Subsequent to our appointment, MHCLG introduced statutory backstop dates, including for the 2023/24 audit.

Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we were required to issue our opinion on the financial statements.

We have considered whether the time constraints resulting from the backstop date, along with the delay in producing the financial statements for the year ended 31 March 2024, prevent us from completing all necessary procedures to obtain sufficient and appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the audit and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation).

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we anticipate issuing a disclaimer of opinion.

Materiality

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines:

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

The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

As set out in our audit plan, we determined materiality at the planning stage as £780k for the Council based on 1.25% of gross expenditure of the last available draft financial statements. At the time, this was the unaudited financial statements for 2022/23. On production of the financial statements for 2023/24 we reconsidered our materiality determination. We have noted expenditure has increased for the 23/24 draft financial statements; however, we have elected to leave materiality at the thresholds set at planning for prudence.

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

Materiality area	Planning £000	Final £000	Explanation
Overall materiality for the financial statements	780	780	This is the equivalent of 1.25% of gross revenue expenditure based on the 2023/24 draft financial statements. This is based on the risk profile of the Council and its primary objective to deliver public services. This is a common measure for calculating materiality for councils as the users of the Council's financial statements are considered to be most interested in where the Council has expended their income during the year.
Performance materiality	468	468	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	39	39	This is set at 5% of the headline materiality calculation. Individual errors above this threshold are communicated to Those Charged with Governance.

Significant risks of material misstatement

This section of our report includes a summary of the significant risk areas we identified during our audit planning that required special consideration. It provides an overview of our risk identification for the year to 31 March 2024. We set out our planned responses to each of these risks in our audit plan.

We have not amended the risks which we reported in our audit plan as formally presented to you on

Significant risk	Fraud risk?	Planned approach to controls	Level of judgement / estimation uncertainty	Work completed
Prior year opinion on the financial statements	No	N/A	Low	The work we completed is set out on the next page.
Management override of controls	Yes	Assess design & implementation	Low	Due to the missing assurance for prior periods and the time constraints imposed by the statutory backstop we have been unable to complete all our planned procedures on the significant and other risks we identified.
Presumption of fraud in revenue and expenditure recognition	Rebutted	Documentation of processes	Low	
Valuation of land and buildings and investments property	No	Assess design & implementation	High	As a result of the material and pervasive nature of missing assurance, and the imminent statutory backstop date of 28 February 2025 for the 2023/24 audit, we intend to disclaim the audit in our audit report.
Valuation of pension assets and liabilities (IAS19)	No	Assess design & implementation	High	
Implementation of a new financial system	No	Assess design & implementation	Low	As noted above, we intend to disclaim the audit in our audit report. We have further considered this as part of our VFM work for 2023/24.

Significant risks of material misstatement

Identified risk	Audit procedures completed	Outcome
<p>Prior year opinion on the financial statements</p> <p>In our audit plan we highlighted that 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. As a result, we reported the significant risk that:</p> <ul style="list-style-type: none"> • there may be limited assurance available over the Council's opening balances in the 2023/24 financial statements, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others). • significant transactions, accounting treatment and management judgements may not have been subject to audit 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 periods. 	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> • considered the findings and outcomes of your prior year audits and their impact on our 2023/24 audit; • considered the impact on our 2023/24 audit of the prior year disclaimed audit opinions you have received from your predecessor auditor, with particular regard to opening balances and 'unaudited' transactions and management judgements made in previous disclaimed years which continue into 2023/24; and • considered the impact of any changes in The CIPFA Code requirements for financial reporting in previous and current audit years. 	<p>The Council's accounts were disclaimed for 2021/22 and 2022/23 under the statutory back stop as there was not sufficient time for the predecessor auditor to complete the audits. This means we have no assurance over the comparators in the 2023/24 financial statements and no assurance over transactions occurring in those years which impact the figures reported in the financial statements for 2023/24.</p> <p>Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we were required to issue our opinion on the financial statements. We were unable to do so as the financial statements had not been issued at this time. They were subsequently published on 29 August 2025.</p> <p>We have concluded that the time constraints resulting from the backstop date, along with the delay in producing the financial statements until after the backstop date had passed, mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).</p> <p>Therefore, we anticipate issuing a disclaimer of opinion.</p>

2023/24 work and building back assurance

Following the commencement of our appointment as external auditors from 2023/24, we began our audit in September 2023 and have worked closely with the Council by:

- Confirming and evidencing our independence to act as appointed external auditors;
- Confirming engagement acceptance and continuance arrangements;
- Establishing working arrangements with the Council's Section 151 Officer and finance team;
- Undertaking planning procedures in line with the requirements of relevant ISAs (UK) to develop our understanding of the Council, confirm the scope of our external audit and identify and assess risks of material misstatement in the financial statements;
- Issuing audit requests to the Council's finance team using our "Inflo" portal to ensure that both we and the finance team develop an understanding of audit requirements and expectations, and the nature of the information held by the Council to support the financial statements;
- Considering the implications of the statutory backstop legislation and the anticipated assurance likely to be available from the predecessor auditor and considering the impact of these matters on our approach.

As a firm we have invested considerable resources in developing our overall response to the anticipated issuing of disclaimers of opinion for 2022/23 and prior years, and the impact that this has on our audit responsibilities and audit approach for 2023/24 and future years.

Due to the audit complexities caused by the issue of previous disclaimers of opinion, the protracted duration of the audit due to the missed backstop dates and the delays and challenges encountered in progressing the audit, our work has required greater involvement from senior members of the audit team than would normally be the case.

Specific procedures we have undertaken in 2023/24 include the following:

- Reviewing minutes of meetings including, but not limited to, full Council and the Audit and Governance Committee;
- Agreeing opening balances and comparative figures to prior year financial statements;
- Checking financial statements for internal consistency and arithmetic accuracy;
- Undertaking a high-level Audit Manager and Engagement Lead review of the 2023/24 financial statements;
- Confirming whether accounts have been issued and approved in line with The Accounts and Audit Regulations 2015;
- Updating our planning and risk assessment and procedures on receipt of the financial statements (post-statement procedures) including re-considering our materiality thresholds;
- Procedures in respect of subsequent events after the balance sheet date, including enquiries of management;
- Considered the form and content of the Narrative Report and Annual Governance Statement;
- Evaluating any misstatements identified;
- Considering the impact of and response to the significant weaknesses identified by the predecessor auditor for value for money;
- Ongoing meetings with the Director of Resources; and
- Drafting an Audit Plan, the Audit Completion Report and the Auditor's Annual Report and presenting these to the Audit Committee.

2023/24 work and building back assurance

As per LARRIG guidance issued by the NAO there is a recognition that the process of rebuilding assurance following a previous modified or disclaimed audit opinion will take a number of years, as it will be necessary to rebuild assurance on all balance sheet and CIES areas. Where balances are inherently tied to transactions which occurred during disclaimed periods, particularly reserves, we will need to obtain assurance over these historical transactions. In the case of North West Leicestershire District Council, disclaimers of opinion issued prior to our appointment as auditors for 2023/24 cover the financial years 2021/22 and 2022/23.

As part of our work in 2023/24, we have begun assessing what procedures, carried out in 2024/25 and will be used to inform the process of rebuilding assurance in future years.

We intend to accrete this work into future audit periods to inform the future building back of assurance. We are committed to working with the Council over the term of our appointment towards a position of being able to issue an unmodified opinion. This will require us to apply a process of rebuilding assurance over all financial years for which disclaimers of opinion have been issued.

As a result of the approach adopted we have begun to develop our understanding of the Council's systems, process, controls and arrangements for the preparation of the financial statements and have gathered information which may inform the process of rebuilding assurance in future years.

The late production of the financial statements means that, whilst audit time was consumed in liaison, planning, engagement and re-engagement, there are limited areas of the financial statements where work from 2023/24 can be accreted into future years. Specific areas in which we have undertaken work in 2023/24 which could be used as part of the rebuilding assurance process for the Council in subsequent years includes the following:

- IT General controls and work under ISA315;

We have also gained a detailed understanding of the challenges the Council has faced in relation to the implementation of Unit 4 and the impact it may have on our future audit approach.

Audit differences

We have reviewed the financial statements for internal consistency, arithmetic accuracy and to assess whether the comparators in the 2023/24 financial statements agree with the figures in the 2022/23 audited financial statements.

Our work has identified the following items to report to you:

- The impact of the IAS 19 asset ceiling calculation was incorrectly included within long term debtors in the draft accounts. This is now included in long term liabilities; however we have not audited the accuracy of the updated position.
- The draft accounts did not include supporting notes for intangible assets and heritage assets which are material figures within the balance sheet. These are now included.
- The audit fee for 2023/24 was disclosed incorrectly, this has been corrected.
- The net cost of services disclosed within the narrative report does not agree to the CIES by a material amount.
- 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.
- Since submitting the draft accounts to audit management has made a series of changes to the accounts. We have not had sufficient time to audit these changes.

Due to the imposition of the statutory backstop in conjunction with the late production of the financial statements, there may be other errors in the accounts which have not had time to be subject to detailed audit procedures.

Significant matters

As required by the ISAs, we must notify you of the significant findings from the audit. Due to the time constraints arising from the statutory backstop, we have not been able to complete all our planned audit procedures. We have therefore summarised any significant matters we identified from the procedures we completed in the table below.

Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures, including concerns identified in the following:

- 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 budget.

Due to the time constraints resulting from the statutory backstop date and the delay in producing the financial statements for the year ended 31 March 2024, we have started but been unable to finalise all planned audit procedures. We have no matters to report in respect of this from the work undertaken to date.

Any significant difficulties encountered during the audit.

Significant delays were experienced throughout the audit duration, resulting in the need for additional and re-scheduled visits during the planning and interim phases. Due to the time constraints resulting from the statutory backstop date and the delay in producing the financial statements for the year ended 31 March 2024, we have started but are unable to complete all planned audit procedures.

Any significant matters arising from the audit that were discussed with management, including:

- Significant management judgements where there was disagreement over the judgement;
- Consistency of opening balances with prior year financial statements;
- Inconsistencies between the financial statements and trial balance;
- Findings and issues around the material accuracy of opening balances;
- Any other matters significant to your oversight of the financial reporting process.

Due to the time constraints resulting from the statutory backstop date and the delay in producing the financial statements for the year ended 31 March 2024, we have started but been unable to complete all planned audit procedures. We have no matters to report in respect of this from the work undertaken to date.

Other significant matters - If an objective in a relevant auditing standard cannot be achieved, we are required to evaluate whether this prevents us from achieving the overall objectives of the audit and therefore requires us to modify our auditor's opinion, or to withdraw from the audit engagement (where this is possible under applicable law or regulation). Due to the statutory backstop date, we are unable to meet the objectives of the ISAs (UK) in full and will therefore disclaim our opinion.

Due to the time constraints resulting from the statutory backstop date and the delay in producing the financial statements for the year ended 31 March 2024, we have started but been unable to complete all planned audit procedures.

Financial statements: other responsibilities

As required by the ISAs, we must notify you of other matters if they are significant to your oversight of the Council's financial reporting process. Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to complete all our planned audit procedures. We have therefore summarised any significant matters we identified from the procedures we completed in the table below.

Matter	Commentary	Outcome
Matters in relation to fraud	We have previously discussed the risk of fraud with management and the Audit and Governance Committee and reflected this in our audit plan. We have not subsequently been made aware of any other incidents.	Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to conclude all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Matters in relation to related parties	ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control. During our audit planning you have informed us of the individuals and entities that you consider to be related parties.	Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to conclude all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report
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.	Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to conclude all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report
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	Outcome
<p>Confirmation requests from third parties</p>	<p>We requested permission from the Council to send confirmation requests to third parties. All requested confirmations have been received.</p> <p>We also requested management to send letters to those solicitors who worked with the Council during the period. We received responses to all our enquiries.</p>	<p>Due to the limited time available following the statutory backstop date, and the delay in producing the financial statements for the year ended 31 March 2024, we were unable to conclude all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.</p>
<p>Going concern</p>	<p>Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.</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 during our audit and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).</p>	<p>Management prepared the financial statements on a going concern basis applying the continuation of services provision set out in the ‘CIPFA Code’ and Practice Note 10. We concur with this assessment.</p> <p>As we will be issuing a disclaimer of opinion, we have not considered whether there are any material uncertainties that would need to be disclosed in the financial statements.</p>

continued....

Financial statements: other responsibilities

Matter	Commentary	Outcome
<p>Other information included in the Financial Statements: Narrative Report and Annual Governance Statement</p>	<p>Under the Code of Audit Practice, 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 required to report by exception 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.</p> <p>Audit Guidance Note 07, issued by the National Audit Office, confirms that where a disclaimer of opinion is issued, we may report that we have not completed this work.</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>Other matters on which we report by exception</p>	<p>We are also required to report by exception:</p> <ul style="list-style-type: none"> • If we have applied any of our statutory powers or duties • Where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. 	<p>We have concluded there are significant weaknesses in the Councils arrangement to achieve value for money. Further detail are set out in the Value for Money section of this report and in our Auditor's Annual Report.</p>
<p>Specified procedures for the Whole of Government Accounts (WGA)</p>	<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 July 2024 which set out the procedures that the NAO require from component auditors.</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 therefore required, However, the instructions state that the NAO may direct auditors of components below the audit threshold to undertake additional work</p>	<p>The requirement to submit our assurance statement to the NAO has expired as the NAO has now concluded and certified the Whole of Government accounts for 2023/24.</p>
<p>Certification of closure of the audit</p>	<p>We are required to certify the closure of the audit on completion of all audit work for the financial year required under the Code.</p>	<p>We expect to certify the closure of the audit within our auditor's report.</p>

Audit adjustments

We are required to report all non-trivial misstatements identified during the audit to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted and unadjusted misstatements and misclassification and disclosure amendments

We have determined that the imposition of the backstop has created time constraints which impede our ability to complete all necessary procedures to obtain sufficient appropriate audit evidence and to fulfil the objectives of all the relevant ISAs (UK) in relation to balances.

As a result of the material and pervasive nature of missing audit assurance, the statutory backstop date of 28 February 2025 and delays in the production of the financial statements for the year ended 31 March 2024, we have been unable to obtain sufficient appropriate audit evidence to support our opinion. Accordingly, we intend to issue a disclaimer of opinion in our audit report.

The work we have undertaken to date has identified the following:

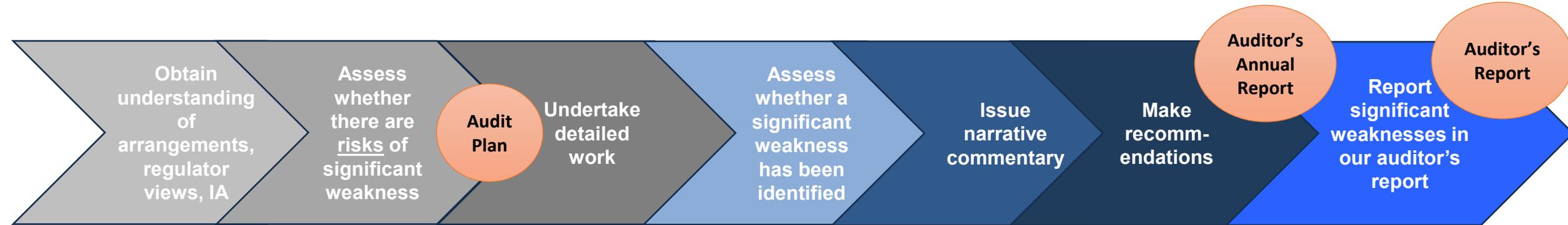
- The impact of the IAS 19 asset ceiling calculation was incorrectly included within long term debtors in the draft accounts. This is now correctly included in long term liabilities.
- The audit fee for 2023/24 was disclosed incorrectly.

Management have sought to rectify the finding in relation to the asset ceiling calculation and have processed a material adjustment to the financial statements to reduce long term debtors by £12.695m, increase other long-term liabilities by £11.974m, with a corresponding movement in the actuarial (gains) / losses on the pension within the CIES of £24.669m.

We have also noted that there has been an increase in the Councils net expenditure of £698k from the draft financial statements to the final version. When processed in conjunction with the above adjustment, this has a collective reduction to the total comprehensive income and expenditure by £25.366m.

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'). Where significant weaknesses are identified we report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.



In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, as set out in AGN 03), we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures.

The predecessor auditor reported their work for 2022/23 in December 2024 and identified significant weaknesses in the Council's arrangements for the preparation and publication of financial statements. The significant weakness remained appropriate at the time we completed our audit planning procedures for 2023/24. We have since completed further value for money work and have concluded accordingly.

We have made key recommendations regarding the significant weaknesses identified in respect of governance. We have also raised one other recommendation regarding the Council's arrangements for improving economy, efficiency and effectiveness and one other recommendation regarding the Council's arrangements for financial sustainability.

The significant weaknesses and recommendations made are summarised on the following pages. These and other issues identified during the course of our value for money work have been also documented in our Auditor's Annual Report.

Value for money: updated risk assessment

The predecessor auditor has reported significant weaknesses in 2022/23 as follows, together with the associated key recommendations.

Criteria	Significant weaknesses reported in 2022/23	Key recommendations made by prior year auditor in 2022/23	Impact on 2023/24 risk assessment
Financial sustainability	No	No	No significant risks identified.
Governance	Yes	Yes	Risk of significant weakness identified in the arrangements to support financial reporting requirements.
Improving economy, efficiency and effectiveness	No	No	No significant risks identified.

Value for money 2023/24 outcome

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Key recommendations made?	Other recommendations made?
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	Yes
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	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	Yes

Value for money – significant weakness

These recommendations relate to significant weaknesses we have identified during the course of our work. Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work.

Key recommendation	Criteria	Sub criteria	Managements response
<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>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>The council maintains robust and transparent governance arrangements, ensuring clarity and accountability in all aspects of decision making. These arrangements are explicitly outlined in the Council Constitution, which provides a clear framework for how decisions are made at every level.</p> <p>Our decision-making processes are firmly established within the Council Constitution. This structure ensures that responsibilities and authorisations are clear, enabling well-informed and timely decisions. Over the past year, the Council has placed particular emphasis on improving officers' understanding of these processes, including the provision of recent training to support effective and consistent application across the organisation.</p> <p>The council is committed to good procurement practice. We employ a full-time procurement officer who oversees the procurement function and ensures that all activities align with best practice standards. In addition, the Council continues to benefit from its partnership with V4, which brings specialist expertise and further supports compliance and value for money.</p> <p>Continued overleaf...</p>

Value for money – significant weakness

These recommendations relate to significant weaknesses we have identified during the course of our work. Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work.

Key recommendation	Criteria	Sub criteria	Managements response
(continued)	Governance		<p>Over the past 12 months, significant progress has been achieved in procurement practice. Notably, the Council has updated its Contract Procedure Rules to ensure full compliance with the Procurement Act 2023. This update strengthens our regulatory compliance and underpins our commitment to transparent and fair procurement.</p> <p>To support these changes, officers have undertaken relevant training on both the Procurement Act 2023 and contract management. This investment in officer development ensures that staff are well-equipped to manage procurement processes effectively and in accordance with current legislation.</p> <p>The Council has established robust and well-documented arrangements for capital management and approval. These processes are clearly set out and are subject to regular review to ensure they remain fit for purpose. Officers have also received recent training in capital management processes, reinforcing the Council’s commitment to sound financial stewardship and strong governance.</p> <p>In the last year, the Council has made determined efforts to enhance project management across key initiatives. Steering groups have been established for major projects, providing clear direction and oversight. Furthermore, project management processes and templates have been refreshed, supporting consistency and best practice throughout the organisation.</p>

Value for money – significant weakness

These recommendations relate to significant weaknesses we have identified during the course of our work. Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work.

Key recommendation	Criteria	Sub criteria	Managements response
<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>	<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>The Council has recently utilised agency staff to help address the backlog in the preparation of the statement of accounts. While this approach has offered much-needed support, we fully recognise that a sustainable, permanent finance team is essential to ensure the timely and efficient completion of statutory accounts going forward. The Council has recently recruited a Finance Team Manager, whose expertise will further strengthen our team. In addition, we are actively working to fill key technical positions with permanent staff to build stability and retain valuable financial expertise within the Council.</p> <p>The Council’s focus has now shifted from simply publishing outstanding accounts to prioritising the recruitment and retention of skilled finance professionals. This includes our intent to recruit a Local Government Association (LGA) Graduate, adding fresh talent and additional capacity to the team.</p> <p>Alongside these staffing efforts, the Council have implemented enhancements to its Unit4 financial management system. These improvements are designed to accelerate the closedown process, supporting quicker and more accurate financial reporting. In closing the accounts for 2023/24 and 2024/25, the Council have taken a proactive approach by engaging third party support to assist with key reconciliations. This further demonstrates the Council’s dedication to upholding high standards of financial management.</p>

Value for money – significant weakness

These recommendations relate to significant weaknesses we have identified during the course of our work. Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work.

Key recommendation	Criteria	Sub criteria	Managements response
<p>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.</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>Numerous enhancements have been made to the Unit4 financial management system to streamline operations and support more efficient financial reporting. The Council’s Corporate Leadership Team receives regular updates on operational matters, ensuring that any ongoing implementation issues are identified and addressed promptly. Recognising the importance of transparency and accountability, the Council will record any such issues in its risk register and provide updates to the Audit and Governance Committee as appropriate.</p> <p>Looking ahead, the Council anticipates further improvements and enhancements to the Unit4 system with the move to a new support and maintenance contract from December 2025. This transition is expected to deliver added value and ensure the system continues to meet the evolving needs of the organisation.</p>

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.

Other Services

We have detailed in the table below any other services provided to the Council the threats to our independence these present and the safeguards we have put in place to mitigate these threats.

Service	Fee £	Threats identified and safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process claim (2023/24)	Expected fee for 23/24 £28,000 (plus £2,000 for each additional workbook) Work in progress	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 North West Leicestershire District Council. The fee is fixed and is not contingent in nature. 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 the management. 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.
Audit related: Certification of pooling of Housing Capital Receipts return (2023/24)	£10,000	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 North West Leicestershire District Council. The fee is fixed and not contingent in nature. 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 the management. 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. We therefore consider these risks sufficiently mitigated.

Appendices

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Appendix I: Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

The proposed fee reported in our audit plan was based upon the following assumptions:

- Draft financial statements to be produced to a good quality by the agreed deadlines. These should be complete including all notes, the Narrative Report and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays;
- Our accounts opinion being unqualified and there being no significant weaknesses identified in your arrangements to secure value for money;
- The auditor's report from the prior year being unmodified (clean opinion);
- An effective control environment is in place at the Council;
- The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See [Statement of responsibilities of auditors and audited bodies from 2023/24 audits – PSAA](#). In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full in Appendix III.

Due to the disclaimed opinions from the prior years and the imposition of the statutory backstop for 2023/24, the above assumptions are unable to be met. This has resulted in additional costs, which we have set out in the fee table on the next page. As set out in the joint statement on proposals to clear the backlog and embed timely audit issued by MHCLG (formerly DLUHC), PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2023/24 audit.

Appendix I: Fees continued

Audit fee	Audit plan 2023/24 £	Proposed final 2023/24 £
Scale fee for the audit of the Council financial statements (as set out in the fee scales issued by PSAA) <i>This includes all of the time incurred during the elapsed two year period the audit has remained ongoing, including the time for completion of planning and interim procedures in full, delays in the provision of required information throughout the two-year elapsed audit period whilst officers' priorities were rescheduled to focus on previous audits.</i>	148,948	74,474*
New auditing standards: ISA315 and ISA240 <i>Significant work involved to also cover the ITGCs relating to the implementation of Unit 4</i>	22,342	22,342
Additional work arising from VFM significant weaknesses <i>Due to the number of significant weaknesses and key recommendations raised, as well as follow up work on the significant weakness raised by the previous auditor.</i>	0	33,348**
Implementation of a new financial ledger <i>Additional work arising from delays in the production of the 2023/24 financial statements and implementation of Unit4 - to be considered as part of the 2024/25 audit.</i>	TBC	NIL ***
Total before impact of disclaimed opinions	171,290	130,164
Additional work arising from current and prior year disclaimers of opinion <i>This includes additional work required to consider the disclaimed audits from prior years, development of revised approach for the Council in response to the missing assurance, the development and reporting of a revised 'Audit Completion Report' for reporting the additional considerations arising from the disclaimers, the drafting of a disclaimed audit report and the various risk, compliance and technical consultations arising as a result of this unique and unprecedented situation.</i>	0	14,940
Total audit fee	171,290	145,104
Other audit services <i>The planned fee represents the HBAP certification costs before the addition of additional '40+ testing' and additional workbooks, and the audit of the pooling of capital receipts return</i>	HBAP 2023/24 - 28,000** (plus 2,000 for each additional workbook) PHCR- 10,000	HBAP 2023/24 - 28,000** (plus 2,000 for each additional workbook) PHCR- 10,000
Total fees	189,290	183,104

*Due to the late submission of the 2023/24 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.

Appendix II: PSAA Statement of Responsibilities

Our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies from 2023/24 audits. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- assign responsibilities clearly to staff with the appropriate expertise and experience;*
- provide necessary resources to enable delivery of the plan;*
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Appendix III: Internal control recommendations

We set out here the recommendations we have 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	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.	

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**



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