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Hinckley & Bosworth
Borough Council

Bill Cullen MBA (ISM), BA(Hons) MRTPI
Chief Executive

Date: 27 January 2026

To: Members of the Audit Committee

Cllr DS Cope (Chair)	Cllr C Lambert
Cllr R Webber-Jones (Vice-Chair)	Cllr A Pendlebury
Cllr CM Allen	Cllr MJ Surtees
Cllr REH Flemming	Cllr BE Sutton
Cllr SM Gibbens	Cllr P Williams
Cllr E Hollick	

Copy to all other Members of the Council

(other recipients for information)

Dear member,

There will be a meeting of the **AUDIT COMMITTEE** in the De Montfort Suite, Hinckley Hub on **WEDNESDAY, 4 FEBRUARY 2026** at **6.30 pm** and your attendance is required.

The agenda for the meeting is set out overleaf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Owen'.

Rebecca Owen
Democratic Services Manager

Fire Evacuation Procedures

- On hearing the fire alarm, leave the building **at once** quickly and calmly by the nearest escape route (indicated by green signs).
- *There are two escape routes from the Council Chamber – at the side and rear. Leave via the door closest to you.*
- Proceed to **Willowbank Road car park**, accessed from Rugby Road then Willowbank Road.
- **Do not** use the lifts.
- **Do not** stop to collect belongings.

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Use of mobile phones

To minimise disturbance to others attending the meeting, please switch off your phone or other mobile device or turn it onto silent or vibrate mode.

Thank you

AUDIT COMMITTEE - 4 FEBRUARY 2026

A G E N D A

1. APOLOGIES AND SUBSTITUTIONS
2. MINUTES OF PREVIOUS MEETING (Pages 1 - 4)
To confirm the minutes of the previous meeting.
3. ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES
To be advised of any additional items of business which the Chair decides by reason of special circumstances shall be taken as matters of urgency at this meeting (to be taken at the end of the agenda)
4. DECLARATIONS OF INTEREST
To receive verbally from members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. **This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the agenda.**
5. QUESTIONS
To hear any questions received in accordance with Council Procedure Rule 12.
6. SERVICE LEVEL BUDGET MONITORING 2025/2026 INTERNAL AUDIT FINAL REPORT (Pages 5 - 22)
Report from Forvis Mazars – Internal Auditor
7. INTERNAL AUDIT PROGRESS REPORT (Pages 23 - 28)
Report of Forvis Mazars – Internal Auditor
8. EXTERNAL AUDIT DRAFT AUDIT COMPLETION REPORT YEAR ENDED 31 MARCH 2025 AND LETTER OF REPRESENTATION (Pages 29 - 96)
Report of Azets – External Auditor
9. AUDIT COMMITTEE FORWARD PLAN (Pages 97 - 98)
Members to note the Forward Plan
10. ITEMS TO BE REFERRED TO COUNCIL
Members to consider if any items are required to be referred to council
11. ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIR DECIDES HAVE TO BE DEALT WITH AS MATTERS OF URGENCY
As announced under item 3 above.

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HINCKLEY AND BOSWORTH BOROUGH COUNCIL

AUDIT COMMITTEE

26 NOVEMBER 2025 AT 6.30 PM

PRESENT: Cllr DS Cope - Chair
Cllr R Webber-Jones – Vice-Chair
Cllr REH Flemming, Cllr SM Gibbens, Cllr E Hollick, Cllr C Lambert,
Cllr BE Sutton, Cllr P Williams and Cllr RG Allen

Also in attendance: Councillor KWP Lynch

Officers in attendance: Ilyas Bham, Julie Kenny, Madeline Shellard, Clive Taylor, Rebecca Valentine-Wilkinson, Chris Brown (Azets) and Sarah Knowles (Forvis Mazars)

262. **Apologies and substitutions**

Apologies for absence were submitted on behalf of Councillors C Allen, Surtees and Pendlebury, with the following substitutions authorised in accordance with procedure rule 10:

Councillor R Allen for Councillor Surtees

263. **Minutes of previous meeting**

It was moved by Councillor Flemming, seconded by Councillor Williams and

RESOLVED – the minutes of the meeting held on 1 October 2025 be confirmed as a correct record.

264. **Declarations of interest**

There were no interests declared at this meeting.

265. **HRA land inclusion on asset register**

Members were presented with a report regarding HRA land that had not been included in the finance asset register. Officers had confirmed the sites had however been on other systems and that a reconciliation exercise was now taking place that would be completed by the middle of January 2026.

In response to a question from members, officers confirmed that they were satisfied that all garage sites were held within the system and that the reconciliation work being carried out would be reported back to committee on completion.

It was proposed by Councillor Gibbens, seconded by Councillor Williams and

RESOLVED – that the report be noted.

266. External audit update - additional audit risk

Members were presented with the report that had identified a significant risk relating to the completeness of HRA land on the finance asset register.

It was proposed by Councillor Flemming, seconded by Councillor Webber-Jones and

RESOLVED – the report be noted.

267. External Auditor's Annual Report - Year ended 31 March 2025

Members were presented with this annual report that provided a summary of the findings and key issues arising out of their audit for 2024/25. The report met the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office and was required to be published by the Council alongside the statement of accounts.

It was proposed by Councillor Flemming, seconded by Councillor Webber-Jones, and

RESOLVED – the report be noted.

268. Internal Audit final report - capital programme 2024/2025

Members were presented with this final report on the Capital Programme for 2024/2025. The audit objective had been to assess the design and effectiveness of the control framework for managing the capital programme.

In response to questions from members, officers confirmed that there were not the same governance arrangements in place for the lower value schemes as a proportionate approach was taken. They also confirmed that discussions had taken place to ensure that smaller budget holders signed off all documentation appropriately in addition to tightening up on some of the administrative processes for project officers.

It was proposed by Councillor Webber-Jones, seconded by Councillor Hollick, and

RESOLVED – the report be noted.

269. Audit Committee forward plan

Members noted the forward plan.

(The Meeting closed at 6.58 pm)

CHAIR

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Hinckley and Bosworth Borough Council: Internal Audit Final Report

Service Level Budget Monitoring (25/26)

Engagement Sponsor: Ashley Wilson (S151 Officer)

Engagement Contacts: Ilyas Bham (Accountancy Manager), David Wallbanks (Accountant)

January 2026
[Reporting Timetable](#)

Debrief Meeting: 14/10/25

Draft Report Issued: 16/12/2025

Comments Received: 20/01/2026

Final Report Issued: 21/01/2026

**forv/s
mazars**

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Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of Hinckley and Bosworth Borough Council (HBBC) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Your One Page Summary

Engagement Objective: assess the design and effectiveness of the control framework for Service Level Budget Monitoring within HBBC.

This review has not provided a view on whether HBBC’s budgets are accurate or realistic and whether HBBC will or will not achieve the set budgets but rather the controls in place to set and monitor budgets at a service level.

Engagement rationale

Why the engagement is in Your 2025/26 Plan	Your Strategic Risk	Your Strategic / Tactical Objective
To review the strategic approach to coordinating budgetary control at a service level including monitoring and reporting. This area has not been subject to internal audit activity recently.	Financial instability, and misalignment with corporate priorities.	Budgetary control processes are strategically aligned with the Council’s financial sustainability goals, enabling proactive decision-making, effective resource allocation, and transparent accountability.

Summary of our opinion

Moderate Opinion
See Appendix A1 for definitions



Summary of Recommendations

High (Priority 1)	-	Actions agreed by you	100%
Medium (Priority 2)	3	High Priority completion	N/A
Low (Priority 3)	2	Overall completion	31 December 2026

Summary of findings

Examples of good practice	Medium Priority Findings	Key root causes
<ul style="list-style-type: none"> ✓ For a sample of five budgets, we confirmed that a budget setting working paper, which sets out draft figures for 25/26 and captures assumptions, was created, and a meeting was held between the budget holder and their accountant to discuss. 	<ul style="list-style-type: none"> • Variance explanations not documented, and action plans not followed up on from budget monitoring meetings. • No budget monitoring training materials or system to record training completion. 	<ul style="list-style-type: none"> • No established procedure for consistently documenting variance explanations and ensuring follow-up on agreed actions. • Dependence on internal experience and knowledge rather than formal training materials.

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- ✓ Monthly budget monitoring reports were sent to each of the sampled five budget holders for the months June 2025 to August 2025.
- ✓ Budget outturn reports were discussed monthly by Senior Leadership Team (SLT) and quarterly at Finance Committee.
- Data analytics tests could not be completed due to the required datasets not being received.
- Lack of clarity over existence of required datasets.

01 Introduction and Background

Hinckley & Bosworth Borough Council manages a gross expenditure budget of £65.94 million for 2025/26, supporting a wide range of services including Waste, IT, and Grounds Maintenance.

Effective budget setting and monitoring are essential to maintain financial sustainability and ensure alignment with the Council's Medium-Term Financial Strategy (MTFS).

The S151 Officer is responsible for creating a budget strategy which was formally agreed in a Scrutiny Commission meeting in December 2024. The final budget for 2025/26 is then presented to Council and this was approved on 20th February. There is a budget timetable in place which finance staff use as a guide that sets out the key tasks for the full budget setting cycle.

As part of this review, we considered the processes in place for setting service-level budgets, monitoring actual vs forecast performance, and reporting to senior management.

In the latest outturn report we were provided with (July 2025), the budget was £16.94m and outturn was £17.37m, resulting in a 2.5% overspend.

We selected the following five service level budgets to investigate what documentation was available regarding budget setting and monitoring. We also carried out interviews with all five budget holders around current arrangements.

Service Level and Code
CP12: Communications and Promotion
CP13: Council Offices
CP16: IT Support
EP03: DSO Grounds Maintenance
JC03: Refuse

Scope Limitations

We were not provided with the datasets required to conduct the data analytics tests specified in the audit terms of reference so were not able to complete these tests. Therefore, we have raised a recommendation around quality of data available.

This review has not provided a view on whether HBBC's budgets are accurate or realistic and whether HBBC will or will not achieve the set budgets but rather the controls in place to set and monitor budgets at a service level.

Data Analytics

We prefer to use data analysis techniques to test your whole population, rather than traditional sampling methods. As part of this engagement, we conducted data analytics on the complete set of user permissions within the Civica finance system. Our analysis confirmed that all budget holders were assigned view-only access to their respective budgets, and all other users who had permissions to edit budgets were members of the Finance team.

We were not provided with the datasets required to conduct the data analytics tests outlined within the audit terms of reference. Therefore, we have raised a recommendation about this in **Section 02**. Refer to Appendix A2 for further details.

Areas with controls working as expected

- A detailed budget setting timetable was in place, covering all key tasks, responsible parties and deadlines for the full budget cycle.
- The budget was approved timely by the Full Council on 20 February 2025, ahead of the 11 March deadline set out in its financial procedure rules.
- Monthly budget monitoring reports for June to August 2025 were auto generated from Civica and through a spot-check review, we found no inconsistencies between the figures in these reports and the figures in the Civica system.
- The Budget Strategy for 25/26 was approved by Executive (December 2024) before detailed budgets were prepared, which is in line with the Council's financial procedure rules.

02 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1 Variance explanations not documented, and action plans not followed up on from budget monitoring meetings.

Finding(s) and Risk	Recommendation(s)
<p>Budget variances should be consistently discussed, documented, and shared with Budget Holders as part of the monthly monitoring process as this can them to understand the drivers behind budget performance, supports informed decision-making, and enables effective follow-up on corrective actions.</p> <p>Action plans should be tracked and appropriately followed up on to ensure that actions are progressing and any delays to these can be suitably escalated, which aids in reducing budget overspends.</p> <p>We verified that monthly budget reports were produced for each of the five services in our sample for July and August 2025. Our review of these reports showed that they automatically highlighted ledger codes with significant variances. While Budget Holders informed us during interviews that these variances were discussed in meetings, there was no documented evidence of these discussions, nor any formal requirement to record them. Therefore, we were unable to verify whether they occurred.</p> <p>Additionally, our interviews with the five Budget Holders revealed there were two occasions where they were unable to explain certain significant negative variances. We were advised that the Accountant would have these explanations and confirmed these were explained. See Appendix A3 for these.</p> <p>Through a review, the explanations for variances were included in the monthly Outturn Report for June and July 2025, which was shared with the Senior Leadership Team (SLT) and the Finance Committee. We were informed by the Accountancy Manager that Accountants provided these explanations during the preparation of the report. However, Budget Holders were not involved in this.</p> <p>Furthermore, the five Budget Holders informed us that actions were discussed during the monthly meetings, but these were not formally recorded. We were provided with</p>	<p>The Council should:</p> <ol style="list-style-type: none"> 1. Implement a formal process to ensure that material budget variances are consistently explained, documented, and shared with Budget Holders. 2. Explore including agreed actions within the same document to serve as a record of the meeting held and to follow up on in subsequent meetings. <p>Root Cause(s)</p> <p>No established procedure for consistently documenting variance explanations and ensuring follow-up on agreed actions.</p>

various email chains showing that actions had been discussed between Accountants and Budget Holders; however, it was unclear how these actions were followed up and whether they had been completed.

Risk and Impact: Where variance explanations and follow up actions are not formally documented or shared with Budget Holders, there is a risk that key financial insights may be lost, leading to unresolved budget issues, ineffective corrective action, and reduced accountability.

Management Comments

We accept that documenting will help advance the discussions had, but stress that discussions with budget holders are held regularly and accountants explain issues to them and are available at any time to answer any questions they may have on variances or other budget issues

Responsible Person	Ilyas Bham	Action Due Date	30 September 2026
	Accountancy Manager	Priority Level	Medium

2 No budget monitoring training materials or system to record training completion.

Finding(s) and Risk

Budget Holders should receive formal training and clear guidance to support their responsibilities in budget setting and monitoring. Completion of this training should be centrally recorded to ensure accountability. This would help Budget Holders better understand their role, manage budgets effectively, and apply consistent practices across the organisation.

Section 4.9 of the Financial Procedure Rules (April 2023), stated 'The S151 Officer will ensure that each service manager and appropriate officer will receive adequate training to enable them to control those parts of the budget for which they are responsible.'. However, when we requested evidence of training materials, we were advised by the Accountancy Manager that none exist specifically relating to budget monitoring.

We selected a sample of five service-level budgets and conducted interviews with the respective Budget Holders. All had been in post for several years and were experienced in budget management. So, none could recall specific details about any training they had been offered or completed.

Risk and Impact: In the absence of dedicated training materials and records of training completion, there is a risk that Budget Holders may lack the necessary skills to monitor budgets effectively. This could lead to budget overspends and reduced financial control.

Recommendation(s)

The Council should:

1. Develop and implement formal training materials for Budget Holders, including guidance on their responsibilities, budget setting processes, and monitoring expectations. Webinars or workshops could be explored to fulfil training requirements.
2. Maintain a training completion log centrally and monitor to ensure completion by all Budget Holders, and follow up any incomplete or outstanding training.

Root Cause(s)

Dependence on internal experience and knowledge rather than formal training materials.

Management Comments / Agreed Actions

Training tends to be done with budget holders informally when they are taken on, with many budget holders being in place for many years and well experienced. We will develop formal training and invite budget holders to attend.

Responsible Person	Ilyas Bham	Action Due Date	30 September 2026
	Accountancy Manager	Priority Level	Medium

3 Data analytics tests could not be completed due to the required datasets not being received.

Finding(s) and Risk

Organisations should be able to extract their data into accessible formats in order to periodically conduct data analysis, to provide assurance over the accuracy and timeliness of operations.

We made repeated requests for the datasets outlined in the data analytics section of the terms of reference, starting on 17 September 2025 and continuing through to 7 October 2025. However, as the required datasets were not provided, we were unable to carry out the planned data analytics testing. See appendix A2 for further details.

Risk and Impact: Where datasets are not accessible, there is a risk that by not conducting periodic checks on the data integrity, budget anomalies or errors are not being detected which can lead to a worsening of the Council’s financial position.

Recommendation(s)

The Council should:

1. Identify the data available within current systems.
2. Conduct its own data analysis checks to gain assurance over budget monitoring performance.

Root Cause(s)

Lack of clarity over existence of required datasets.

Management Comments / Agreed Actions

It is agreed the information was not provided, which is due to human error. This has been noted for future reference. A review of the data set required will be completed and shared with Internal audit.

Responsible Person

Ilyas Bham
Accountancy Manager

Action Due Date

30 September 2026

Priority Level

Medium

4 No procedural document covering budget setting and monitoring arrangements.

Finding(s) and Risk

A procedural document should be in place that clearly outlines the arrangements for budget setting and monitoring and defines the associated operational responsibilities. This can promote consistency and clarity across service areas, helping to prevent inappropriate payments, misaligned budgets, and ineffective monitoring.

During our review, we examined the Council’s Constitution and Financial Procedure Rules (April 2023), which outline high-level responsibilities for the S151 Officer and Budget Holders. These documents confirm that the while the S151 Officer was responsible for preparing the Budget Strategy and providing monthly comparative statements, and Budget Holders were expected to prepare estimates and manage budgets prudently, the existing documents lacked operational detail. Specifically, they did not outline the frequency of budget meetings, escalation protocols for addressing variances, or standards for documenting discussions and actions.

In our interviews with the five budget holders, we did note that one Budget Holders created their own sets of notes which were used as a guide for discussion within the monthly meetings, but this was not done by any of the other four budget holders.

Risk and Impact: In the absence of clear and readily available guidance on budget management arrangements, there is a risk that service areas may adopt inconsistent approaches. This can result in ineffective budget monitoring and potential financial mismanagement.

Recommendation(s)

The Council should assign responsibility for developing and maintaining a procedural document outlining the budget setting and monitoring process, including defined roles and responsibilities. This can then be shared with Budget Holders for their awareness.

Root Cause(s)

Unclear assignment of responsibility for maintaining and enforcing budget monitoring procedures.

Management Comments / Agreed Actions

Agreed, but stress that discussions with budget holders are held regularly and accountants explain issues to them and are available at any time to answer any questions they may have on variances or other budge issues

Responsible Person	Ilyas Bham	Action Due Date	31 December 2026
	Accountancy Manager	Priority Level	Low

5 Inconsistent budget monitoring approaches between service areas.

Finding(s) and Risk

Meetings to review service-level budgets should be held between the relevant Budget Holder and Accountant at a frequency that reflects the risk profile of each budget. This can support regular engagement with budget performance and facilitate timely implementation of corrective actions.

Although the Financial Procedure Rules stated that monthly budget reports were to be sent to Budget Holders, they did not specify any requirement for meetings to be held. Discussions with the Accountancy Manager indicated an expectation that monthly meetings would occur between Budget Holders and their assigned Accountants.

In interviews with five Budget Holders, three confirmed that meetings were held monthly, while two reported that meetings were more ad hoc and only convened when significant issues arose. The reasons provided for not holding regular meetings included a comparatively smaller and less volatile budget in one case (CP12: Communication and Promotion, £174k), and resource constraints affecting both the Accountant and the service team in the other (CP13: Council Offices, £15.3m) .

Risk and Impact: Where meetings are not held regularly across all service-level budgets, there is a risk that budgets are not being monitored frequently enough, potentially allowing overspends to go undetected.

Recommendation(s)

The Council should:

1. Implement a risk-based framework to define the required frequency of budget monitoring meetings across service areas.
2. Communicate this framework to all Budget Holders and Accountants.

Root Cause(s)

Lack of formalised expectations and guidance around budget monitoring practices

Management Comments / Agreed Actions

Agreed, but note that the realities of service pressures in an organisation with a relatively small finance department means it sometimes must use resources most effectively and at where the higher risks reside, so it may be that sometime lower risk budget areas are not getting the same frequency of meeting as other higher risk or higher value areas. Also, we stress that discussions with budget holders are held regularly and accountants explain issues to them and are available at any time to answer any questions they may have on variances or other budget issues

Responsible Person	Ilyas Bham	Action Due Date	30 September 2026
	Accountancy Manager	Priority Level	Low

A1 Engagement Information

Agreed Engagement Objective and Scope

The objectives of our engagement were to assess whether HBBC has in place adequate and appropriate policies, procedures, and controls in relation to Service Level Budget Monitoring with a view to providing an opinion on the extent to which risks in this area are managed. The engagement considered the following risks relating to the area under review:

- **Budget Setting and Monitoring Framework** - Inadequate approval processes in place leading to inappropriate payments being made;
- **Budget Setting** - Budgets may be unrealistic or misaligned to service priorities which could cause overspends or service disruption;
- **Budget Setting** - Budget forecasts may be inaccurate, and the Council may be unprepared for inflationary pressures or changes in demand;
- **Budget Setting** - Unauthorised changes are made to budget data;
- **Budget Monitoring** - Actual vs budgeted spend is not monitored, resulting in overspend going unidentified; and
- **Management Reporting** - A lack of senior management oversight over budget monitoring, which could lead to failure to identify and correct overspend.

Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

We were not provided with the datasets required to conduct the data analytics tests specified in the audit terms of reference so were not able to complete these tests. Therefore, we have raised a recommendation around quality of data available.

This review has not provided a view on whether HBBC's budgets are accurate or realistic and whether HBBC will or will not achieve the set budgets but rather the controls in place to set and monitor budgets at a service level.

A2 Data Analysis Testing

Where possible, we sought to carry out data analytics testing to support our findings. The results of these are set out below.

Risk	Data analysis to undertake	Result
Risk Area 1 - Inadequate approval processes in place leading to inappropriate payments being made.	Approval Trail Analysis: Check if all service-level budgets have documented approval from designated Budget Holders, Accountants, Finance, and SLT.	Due to not receiving requested evidence, this testing was unable to be completed.
	Timeliness Test: Compare actual budget setting dates against the defined timetable to identify delays or missed deadlines.	Due to not receiving requested evidence, this testing was unable to be completed.
	Role-based Access Review: Analyse user access logs in Civica to ensure only authorized personnel accessed budget-setting modules.	Due to not receiving requested evidence, this testing was unable to be completed.
Risk Area 2 - Budgets may be unrealistic or misaligned to service priorities which could cause overspends or service disruption.	Variance Analysis: Compare previous years' budget vs actuals to identify consistently over/under-budgeted services.	Due to not receiving requested evidence, this testing was unable to be completed.
	Change Log Review: Identify any budget changes made post-approval and check for proper authorisation.	Due to not receiving requested evidence, this testing was unable to be completed.
Risk Area 3 - Actual vs budgeted spend is not monitored, resulting in overspend going unidentified.	Actual vs Budget Trend Analysis: Monthly comparison of actual spend vs budgeted figures to detect anomalies or overspending trends.	Due to not receiving requested evidence, this testing was unable to be completed.
	Material Variance Flagging: Identify services with material variances (e.g. >10%)	Due to not receiving requested evidence, this testing was unable to be completed.

Risk	Data analysis to undertake	Result
Risk Area 4 - A lack of senior management oversight over budget monitoring, which could lead to failure to identify and correct overspend.	Report Timeliness and Completeness Check: Validate that reports are generated and shared with SLT, Finance Committee, and Cabinet on schedule.	Due to not receiving requested evidence, this testing was unable to be completed.
	Exception Reporting: Identify services consistently flagged in reports for overspend or poor forecasting.	Due to not receiving requested evidence, this testing was unable to be completed.

A3 Large Negative Variances

Code: Description	Cost Centre	Variance	Report
CP16: IT Support	SYM ICT Strategic Improvements	-£114,841	Period 5 25/26 – August 2025
JC03: Refuse	RDD Food Waste Service	-£1,236,662	Period 5 25/26 – August 2025

Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

Statement of Responsibility

We take responsibility to Hinckley and Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work to have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Hinckley & Bosworth Borough Council Audit Committee – 4 February 2026 Internal Audit Progress Report

Date Prepared: January 2026

Strictly private and confidential

for
mazar

Agenda Item 7

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- 03 Thought Leadership – Navigating cyber risks: How LAs can build resilience against emerging threats

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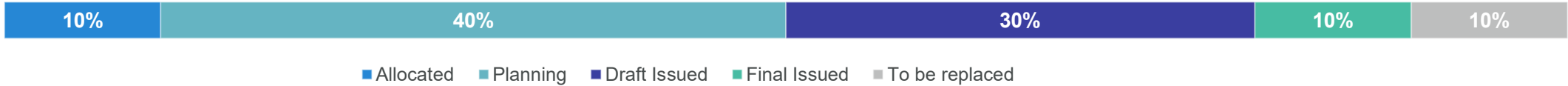
Disclaimer


This report (“Report”) was prepared by Forvis Mazars LLP at the request of Hinckley & Bosworth Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley & Bosworth Borough Council and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.

1. Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2025/26 Internal Audit Plan.





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AC Decisions Needed

- Note the progress being reported and consider final reports included separately in the paper pack,

RAG status of delivery of plan to revised timetable

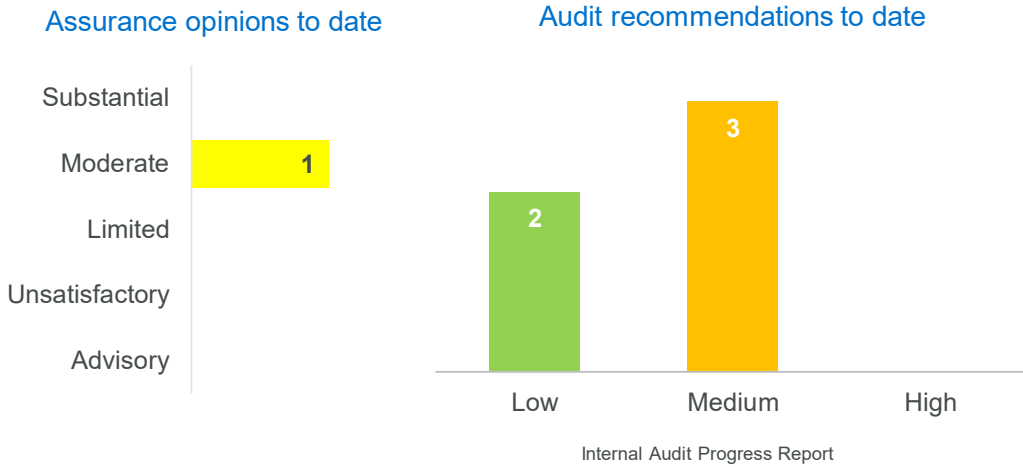
Behind

Key updates
 The final report for Service Level Budgeting has been issued. The draft reports for Partnership Governance, Council Tax and NNDR, and Licensing have been issued and we are waiting for management responses.

We have set the RAG status for plan delivery as Behind at the time of drafting this update as there are two audits that have not taken place when originally planned. After we had issued a draft Terms of Reference for the Work Capacity audit, we were advised by the Interim Director (Resources and Streetscene Services) that the audit area was not relevant to the Council and a replacement audit area would be suggested by the Leadership Team, however we have not yet had those discussions.

The Business Continuity audit was meant to commence in January 2026, however we were unable to scope the audit despite a number of attempts to obtain key contact details. We will work with the Assistant Director Finance & Audit (S151 Officer) to have this re-scheduled. Enforcement is scheduled for February 2026 and we are working with key contacts to plan this review.

[An overview of the Internal Audit Plan is in Section 2.](#)
[Thought Leadership – Navigating Cyber Risks, can be found in Section 3.](#)



2. Overview of Internal Audit Plan 2025/26

The table below lists the status of all reviews within the 2025/26 Plan.

Review	Original Days	Actual Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Partnership Governance	10	10	Interim Director (Resources and Streetscene Services)	Draft	September 2025	-	-	-	-	-	-
Corporate Governance	10	10	Interim Director (Resources and Streetscene Services)	Planning	TBC	-	-	-	-	-	-
Service Level Budget Monitoring	10	10	S151 Officer	Final	September 2025	-	-	-	-	-	-
Revenue and Benefits - Council Tax and NNDR	10	10	S151 Officer	Draft	October 2025	-	-	-	-	-	-
Licensing	10	10	Interim Director, Community Services	Draft	October 2025	-	-	-	-	-	-
Workforce Capacity*	10	10	TBC	To be replaced *	November 2025	-	-	-	-	-	-
Business Continuity	10	10	TBC	Planning	January 2026	-	-	-	-	-	-
Enforcement Action	10	10	TBC	Planning	February 2026	-	-	-	-	-	-
IT Audit	12	12	TBC	Planning	TBC	-	-	-	-	-	-
Follow up	5	5	S151 Officer	Allocated	March 2026	-	-	-	-	-	-
Management and reporting	15	15	-	-	-	-	-	-	-	-	-
Totals	112	112					Totals	-	-	-	-

*We were advised by the Interim Director (Resources and Streetscene Services) that this audit area is not relevant for the Council. An alternative area is yet to be agreed.

3. Thought Leadership – Navigating cyber risks: How LAs can build resilience against emerging threats

The recent cyber-attack on local authorities in November 2025 serves as a stark reminder of the evolving threats facing the public sector. As cyber risks grow in scale and sophistication, councils must adopt robust cybersecurity practices to safeguard essential services and sensitive data.

Key Cyber Risks Facing Local Authorities

Third Party Vulnerabilities:

Many councils rely on shared IT services or external suppliers. A breach in one area can quickly escalate, disrupting services across multiple authorities. Therefore, supply chain security is no longer optional, but it's essential.

Ransomware and phishing attacks:

Local authorities are prime targets for ransomware and phishing campaigns. These attacks can lead to service outages, data breaches, and significant financial losses.

Legacy Infrastructure:

Outdated systems are often harder to patch, lack modern security controls, and can serve as easy entry points for attackers. Many local authorities still rely on older technology that may no longer be supported by vendors, increasing exposure to exploits. While cloud adoption grows, many critical services and data still reside on-premises. Poorly secured on-premises systems can become a single point of failure.

Regulatory Compliance:

The Cyber Security and Resilience Bill (2025) requires councils to demonstrate resilience and report incidents promptly. Whilst the Bill is still progressing, aligning with its principles now will help future-proof your organisation.

Why cyber security matters for local authorities?

Local authorities manage critical services - from housing and social care to education and public safety. A successful cyber-attack can disrupt these services, compromise citizen data and erode public trust. With the Cyber Security and Resilience Bill (2025) introducing stricter requirements for incident reporting and resilience planning, now is the time to strengthen your cyber posture.

Best practices to mitigate risks:

- Modernise legacy systems;
- Incident response planning;
- Staff training and awareness
- Multi-Factor authentication (MFA);
- Patch Management;
- Data backup and recovery; and
- Collaboration with peers

For full explanations, please read the full article [here](#).

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Statement of Responsibility

We take responsibility to Hinckley & Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Audit Committee 4 February 2026

Wards affected: ALL WARDS

AUDIT COMMITTEE – EXTERNAL AUDIT ANNUAL COMPLETION REPORT 2024/25

Report of Head of Finance (Section 151 Officer)

1. Purpose of report

- 1.1 To provide the Committee with an overview of Azets Auditor's Annual Report for the year ended 31 March 2025, the report is attached at Appendix 1.
- 1.2 This report will cover the following elements:
 - Opinion on the financial statements including key findings, and significant risk testing.
 - Value for Money commentary on:
 - Financial sustainability
 - Governance
 - Improving economy, efficiency, and effectiveness
 - Recommendations raised in 2024/25.
 - Follow up of prior recommendations.

2. Recommendation

- 2.1 That the Audit Committee note
 - the report and the actions in place to address the recommendations made.
 - the positive movement since the last report which had found a significant weakness in our Value for Money assessment. The work undertaken by management and the Audit Committee over the last year has addressed that issue and no weakness has been found.

3. Background to the report

3.1 Azets were appointed via the agreement we have with Public Sector Audit Appointments (PSAA), and in that role they have two main responsibilities under the Code of Audit Practice 2024:

- to report an opinion on the financial statements and any issues found during their audit.
- to report on our Value for Money arrangements to secure economy, efficiency, and effectiveness in its use of resources and conclude if there are any weaknesses that need to be addressed.

3.2 As the Audit Committee are aware there is nationally an extensive opinion backlog with a need for extensive build back work to be done. For us this covers the period since our last normal audit opinion issued in 2019/20. Azets took over HBBC audit in 2023/24 and have had considerable work to do as our outgoing auditors had disclaimed the previous three years audits and reported very little in terms of any issues to address.

3.3 In addition, there are significant challenges to both council staff and the external auditors in the undertaking an audit where the previous four years have been disclaimed leading to a backlog. Due to this and the national local authority backstop date, it has not been possible for the external auditors to do sufficient testing on all areas of the accounts, such as income and expenditure, in order to regain full assurance to support an unmodified audit opinion ahead of the backstop date of 27 February 2026. It is important to note that Azets had previously notified Audit Committee that their 2024/2025 would be likely to be disclaimed.

Financial Statement

3.4 Due to the national pressure on the public sector audit process, Azets have been clear that the build back work would take several years, notified the Audit Committee in their Audit Plan at the June 2025 that “we do not expect to be able to build back all the missing assurances from previous years during 2024/25. Our 2024/25 audit opinion is therefore likely to be disclaimed.” Testing was going to be aimed at building back assurance on the balance sheet, particularly fixed asset, and would not be able to cover build back work on income and expenditure to support the reserves position.

3.5 This means 2024/25, due to the restriction on resources available, was always going to be a disclaimed opinion, which is what has been reported in the 2024/25 Audit Completion report. Azets have noted in their report that they “did not complete any detailed testing on expenditure transactions, with the exception of depreciation. Which affects many of the conclusions reported. The 3 backstop deadline also meant that some requests could not be completed before the backlog deadline needed to be met.

3.6 The report also covers finding on significant risks as per the table below, some of which are due to further evidence being needed, but unfortunately the time pressure of the backstop date prevented all the evidence being possible to prepare before the backstop deadline.

Significant risk	Audit conclusion	Comment
Management override of controls	Our work has not identified any significant issues in respect of this risk.	The audit team cannot yet give a final view because some key tests, especially on management's accounting estimates like property valuations, are incomplete. Time constraints prevented a full review
Presumption of fraud in revenue and expenditure recognition	We are unable to reach a conclusion in this area. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.	As part of the back log action plan resources have been focused on testing balance sheet items in the 2024/25 financial statements. Therefore, Audit did not complete any testing on income and expenditure transactions. Therefore this cannot be concluded on.
Valuation of council dwellings and other land and buildings	We are unable to reach a conclusion in this area. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.	It was noted that there was some small non-material HRA land not included in the fixed asset register. This has led to a review going back to 2019/20 to build back a complete picture. See para 3.5 below
Completeness of HRA Land	We are unable to reach a conclusion in this area. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.	It was noted that there was some small non-material HRA land not included in the asset register. This has led to a review going back to 2019/20 to build back a complete picture. See para 3.5 below
Valuation of pension assets and liabilities (IAS19)	We are unable to reach a conclusion in this area. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.	Audit have not been able to gain any assurance over year-on-year movements due to the prior year balances being disclaimed, meaning Audit have no assurance over opening balances.
IFRS 16 for lease accounting	We have started but not been able to conclude our work as management did not provide appropriate and sufficient audit evidence in time to allow us to test the disclosures within the accounts.	Audit have not been provided with assurance by the pension fund auditor over membership of the pension fund back to the last triennial valuation. This is completely outside of our control.

- 3.5 The HRA land issue was a significant pressure on terms of resources for the council as it had to create a new audit trail going back to 2019/20 from the mapping systems used, ensuring all land was included on the fixed asset register going back to 2019/20. This work is now largely complete however there is still some work to do to reconcile this to the previous financial statements and ensure valuations are agreed with our valuer. It will be complete and ready but it will be ready for the next audit in for the 2025/26 year.

Value for Money

- 3.6 Members will notice that for 2024/25 there are no significant weaknesses declared in our Annual Governance Statement as there was in 2023/24 due to improvement in relation to the risk overview function of the Audit Committee. This is due to the action plan improvements instigated by the Audit Committee in their action plan. The Audit Committee are committed to an on-going self-assessment process that will continue to make improvements as required.

- 3.7 Azets have reported this in their VFM conclusion that:

“We have not identified any significant weaknesses in the Council’s arrangements and so are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.”

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report is taken in an open session.

5. Financial implications [IB]

- 5.1 None directly from this report

6. Legal implications

- 6.1 As noted in the Annual Audit Letter

7. Corporate Plan implications

- 7.1 Adoption of the proposal in this paper will contribute to the achievement of the following Corporate Aim of Empowering communities.

8. Consultation

- 8.1 None

9. Risk implications

- 9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 There is no immediate risk to the Council.

10. Knowing your community – equality and rural implications

- 10.1 The Financial Statements and the audit process will allow local communities and groups to review the financial performance and stewardship of the Council.

11. Climate implications

- 11.1 None directly from this report.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:
- Community safety implications
 - Environmental implications
 - ICT implications
 - Asset management implications
 - Procurement implications
 - Human resources implications
 - Planning implications
 - Data protection implications
 - Voluntary sector

Background papers: None
Contact Officer: Ashley Wilson, Ext 5609
Executive Member: K Lynch

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Hinckley and Bosworth Borough Council

Draft Audit Completion Report
Year ended 31 March 2025

January 2025

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Additional documents presented

Draft letter of management representation

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 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

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Executive summary

This section summarises the status of our audit of Hinckley and Bosworth Borough Council for the year ending 31 March 2025 and the key findings and other matters arising from our audit.

Financial Statements

As at the date of writing we have completed a number of areas of our scoped audit work. Where our work is concluded we have set out the details of the work undertaken and our findings in the body of this report. Where audit work has been started but not yet concluded we have highlighted the work undertaken to date and the reasons why the work is not able to be concluded.

From the work we have completed we have not identified any adjustments to the financial statements. We have identified several disclosure amendments. We have raised recommendations for management as a result of our work.

The quality of the accounts and evidence provided was reasonable. However, we have experienced delays in receiving sufficient information relating to our build back work of previous years and testing of 2024/25 balances to be able to finish all of our planned work. In addition, due to the challenges of undertaking an audit where the previous four years have been disclaimed because of the local authority backstop, it has not been possible to regain full assurance, and it is not possible for us to undertake sufficient work to support an unmodified audit opinion ahead of the backstop date of 27 February 2026. The limitations imposed from this 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. This is because we intend to disclaim our opinion.

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

Financial Statements

We have amended our audit plan as formally presented to you on 25 June 2025. Details of amendments to our plan can be found in the section entitled ‘Key audit findings: significant risks and other areas of focus’.

Our audit approach has 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
- ▶ Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to our key audit risks.

At the completion of the audit, following the audit committee, we are required to undertake the following procedures:

- Page 39
- ▶ Final senior reviews and engagement lead ‘stand back’ review of the file
 - ▶ 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).



Executive summary

Value for money

We have completed our value for money work. Our detailed findings were reported in our Auditor's Annual Report on 26 November 2025.

We have not identified any significant weaknesses in the Council's arrangements and so are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Statutory duties

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

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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

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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	GREEN	<i>The accounts were produced on time and were complete. We have identified some minor presentational errors</i>
Quality of working papers provided and adherence to timetable	AMBER	<i>We experienced delays in obtaining working papers and sufficient audit evidence for a number of audit areas. This impacted our ability to complete work on these balances for 2024/25 and has resulted in further delays in our ability to build back assurance.</i>
Timing and quality of key accounting judgements	GREEN	<i>Management presented their assessment of significant accounting estimates and key judgements to the Audit Committee on 01 October 2025. These are considered appropriate and in line with our expectations for the Council, however we have not completed detailed testing on key accounting estimates or judgements.</i>
Access to finance team and other key personnel	GREEN	<i>The finance team have been accessible to us throughout the course of our audit work. We experienced delays in receiving some items of information as documented above. The external valuer has also been responsive to our queries.</i>
Quality and timeliness of narrative report and annual governance statement	GREEN	<i>The AGS and Narrative report were received timely. We identified some minor amendments to the narrative report.</i>
Volume and magnitude of identified errors	N/A	<i>Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have identified a number of disclosure amendments that have been documented later in this report.</i>

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Audit Timeline



Planning	Interim	Period end: 31 st March	Final accounts	Audit Committee	Completion	Sign off
<ul style="list-style-type: none"> ▶ Identify changes in your business environment ▶ Determine materiality ▶ Scope the audit ▶ Risk assessment ▶ Planning meetings with management ▶ Planning requirements checklist to management ▶ Issue audit plan 	<ul style="list-style-type: none"> ▶ Document control design and effectiveness ▶ Discuss audit plan with audit committee ▶ Early testing 		<ul style="list-style-type: none"> ▶ Regular updates with management ▶ Undertake audit testing ▶ Review of narrative report and annual governance statement ▶ Conclude on significant risk areas ▶ Report observations on other risk areas, management judgements ▶ Draft Audit Completion Report ▶ Close-out meeting with management 	<ul style="list-style-type: none"> ▶ Discuss audit findings with audit committee ▶ Issue draft Audit Findings (ISA260) report ▶ Issue Auditor's Annual Report (by 30 November) 	<ul style="list-style-type: none"> ▶ Subsequent events procedures ▶ Management representation letter ▶ Sign financial statements 	<ul style="list-style-type: none"> ▶ Sign audit report opinion ▶ Issue delayed audit certificate

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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 £1,127k for the Council and performance materiality as £732k for the Council. Following production of the draft financial statements, we updated our materiality due to the change in gross expenditure for 2024/25. Our final materiality assessment is set out below.

	Council £000	Explanation
Overall materiality for the financial statements	1,091	This is approximately 1.75% 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	709	Performance materiality has been set at 65% 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	54	This is set at 5% of the overall materiality calculation. Individual errors above this threshold are communicated to those charged with governance.

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Definitions

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

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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	Level of judgement / estimation uncertainty	Outcome of work
Management override of controls	Financial Statement Level	Yes	Assess design & implementation	Very high	Our work has not identified any significant issues in respect of this risk.
Presumption of fraud in revenue and expenditure recognition	Assertion Level	Rebutted	Assess design & implementation	High	We are unable to reach a conclusion in this area. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.
Valuation of council dwellings and other land and buildings	Assertion Level	No	Assess design & implementation	High	We are unable to reach a conclusion in this area. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.
Completeness of HRA Land	Assertion Level	No	Assess design & implementation	High	We are unable to reach a conclusion in this area. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.
Valuation of pension assets and liabilities (IAS19)	Assertion Level	No	Assess design & implementation	High	We are unable to reach a conclusion in this area. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.

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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.

Management override of controls

Significant risk	Audit approach
<p>Management override of controls (Council)</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>Procedures performed to mitigate risks of material misstatement in this area include:</p> <ul style="list-style-type: none">• Documented our understanding of the journals posting process and evaluated the design effectiveness of management controls over journals;• Analysed the journals listing and determined the criteria for selecting high risk and/or unusual journals;• Tested high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval had been undertaken in line with the Council's journals policy;• Gained an understanding of the key accounting estimates and critical judgements made by management. We also challenged assumptions and considered them for reasonableness. We assessed indicators of bias which could result in material misstatement due to fraud; and• Evaluated the rationale for any changes in accounting policies, estimate or significant unusual transactions.

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Key audit findings: significant risks

Management override of controls continued....

Audit findings and conclusion

Our testing over journals is complete. We have not identified any matters to report to you.

However, we cannot draw finalised conclusions from this work as not all of the planned areas of testing for this significant risk have been completed. For instance, we have been unable to reach a conclusion on all accounting estimates used by management in the financial statements, including property valuations, and therefore cannot conclude as to whether any management bias in significant account estimates exists, notwithstanding that our understanding of management's judgements and estimates applied to the financial statements does not indicate this may be the case. This is due to the time constraints to perform sufficient procedures on these accounting estimates. The key judgements in the financial statements for 2024/25 are documented later in this report.

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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.

Fraud in revenue recognition and expenditure

Significant risk	Audit approach	Audit findings and conclusion
<p>Fraud in revenue recognition and expenditure (rebutted) Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>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; and Limited opportunity to manipulate revenue recognition <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 manipulating 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; and Limited opportunity to manipulate expenditure recognition. <p>Inherent risk of material misstatement: Revenue and expenditure recognition: Low</p>	<p>Whilst we have rebutted the risk of fraud in income and expenditure, we will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> Documenting our understanding of the Council's systems for income and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements; Evaluating the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems; Evaluating the Council's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code; Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised for the year. 	<p>As reported in our Audit Plan, we rebutted the risk of fraud in revenue and expenditure recognition at the planning stage.</p> <p>In line with LARRIG06 guidance we completed a risk assessment which identified the Council as low risk. Following the completion of the risk assessment it was determined that due to capacity constraints we would focus our resources on testing balance sheet items in the 2024/25 financial statements and building back assurance on PPE movements in the disclaimed audit years. Therefore, we did not complete any testing on income and expenditure transactions, with the exception of depreciation.</p>

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Key audit findings: significant risks

Valuation of council dwellings and other land and buildings

Significant risks	Audit approach
<p>Valuation of council dwellings and other land and buildings (key accounting estimate)</p> <p>Revaluation of council dwellings and 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>Council dwellings are valued using the beacon method, which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates.</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.</p> <p>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 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 council dwellings and other land and buildings as a significant risk.</p> <p>Inherent risk of material misstatement: Land and Buildings (valuation): High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area include:</p> <ul style="list-style-type: none"> • Evaluated management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluated the competence, capabilities and objectivity of management’s valuation expert; • Considered the basis on which the valuations are carried out and challenged the key assumptions applied; • Evaluated the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; • For unusual or unexpected valuation movements, we tested the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensured revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and • Evaluated the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

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Key audit findings: significant risks

Valuation of council dwellings and other land and buildings continued....

Audit findings and conclusion

We have started, but not been able to conclude our work as not all information requests were received back in time for us to complete our work ahead of the backstop date. Based on the above, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25.

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Key audit findings: significant risks

Valuation of pension assets and liabilities

Significant risks	Audit approach
<p>Valuation of pension assets and liabilities (IAS19) (key accounting estimate) (Council)</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: Defined pension fund net liability/asset (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 in 2025/26 by which time the next triennial valuation will have been performed.</p> <p>From 2025/26, procedures 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.

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Key audit findings: significant risks

Valuation of pension assets and liabilities continued....

Audit findings and conclusion

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. These areas are directly influenced by the opening balances.

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.



Key audit findings: significant risks

Significant risks	Audit approach	Audit findings and conclusion
<p>IFRS 16</p> <p>IFRS 16 was adopted and implemented by local government bodies under the CIPFA Code 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: Implementation of IFRS 16 (ROU asset/liability valuation; completeness): High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Perform a walkthrough of the council’s systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16; • Review the council’s accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard; • Assess the existence, valuation, accuracy and completeness of the right of use assets and associates lease liabilities, and the related disclosures within the financial statements; • Evaluate whether right of use assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code. 	<p>We have started but not been able to conclude our work as management did not provide appropriate and sufficient audit evidence in time to allow us to test the disclosures within the accounts.</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 the financial year 2024/25.</p>



Key audit findings: significant risks

Significant risks	Audit approach	Audit findings and conclusion
<p>Prior year opinion on the financial statements Following the statutory backstops in December 2024 and February 2025, disclaimed audit opinions have been issued on the Council’s accounts for 2020/21, 2021/22, 2022/23 and 2023/24.</p> <p>As a result of prior year disclaimed audit opinions: 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</p> <p>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> <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: Prior year opinion on the financial statements (financial statement level): High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Considering the findings and outcomes of prior year audits and their impact on the 2024/25 audit; • Considering the impact on our audit of qualified or disclaimed audit opinions, particularly regarding opening balances and ‘unaudited’ transactions and management judgements made in the previous years which continue into 2024/25; and • Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years. • Carrying out a risk assessment of the period from the start of 2020/21 to date; • Commencing build back work for PPE additions, disposals, reclassifications and depreciation for 2020/21, 2021/22, 2022/23 and 2023/24. 	<p>The audit opinions in the Council’s accounts for 2023/24, 2022/23, 2021/22 and 2020/21 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>We were able to complete our risk assessment work, however we did not receive all the information requested from management to be able to complete our PPE build back testing.</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 the financial year 2024/25.</p>



Key audit findings: significant risks

Significant risks	Audit approach	Audit findings and conclusion
<p>Completeness of HRA Land As previously communicated to the Audit Committee, we have performed testing on capital movements as part of our approach to rebuilding assurance on the Council's balance sheet.</p> <p>Our work on asset disposals identified an inconsistency between the value of assets sold, and the amount of sale proceeds received.</p> <p>Further investigation highlighted that the Council has sold items of HRA land which were not recorded in the Council's fixed asset register and consequently were not included in the value of assets in the balance sheet. There is a risk that the HRA land value may be materially understated.</p> <p>Management is to complete an exercise to understand whether there are any other items of HRA land that are not recorded within the Council's asset management records.</p> <p>Inherent risk of material misstatement: HRA land (completeness): High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Documenting our understanding of the process used by management for recording new purchases of HRA land; • Reviewing the exercise undertaken by management to identify additional items of HRA land that are not currently included within the balance sheet; • Testing a sample of HRA land from other source records and ensuring items have been included in the exercise completed by management; • Where HRA land has been revalued ahead of inclusion in the balance sheet we will review the basis on which the valuations are carried out and challenge the key assumptions applied. 	<p>We have not been able to perform any of our planned procedures as management is still completing their work to understand the extent and impact of the risk identified.</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 the financial year 2024/25.</p> <p>We have, however, raised a control recommendation for the Council in relation to the risk identified.</p>



Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Income	In line with LARRIG06 guidance we completed a risk assessment which identified the Council as low risk. Following the completion of the risk assessment it was determined that due to capacity constraints we would focus our resources on testing balance sheet items in the 2024/25 financial statements and building back assurance on PPE movements in the disclaimed audit years. Therefore, we agreed the value of income line items to the trial balance but did not complete any detailed testing on income transactions.	We have not performed any work on this area due to the reasons set out to the left.
Expenditure	In line with LARRIG06 guidance we completed a risk assessment which identified the Council as low risk. Following the completion of the risk assessment it was determined that due to capacity constraints we would focus our resources on testing balance sheet items in the 2024/25 financial statements and building back assurance on PPE movements in the disclaimed audit years. Therefore, we agreed the value of expenditure line items to the trial balance but did not complete any detailed testing on expenditure transactions, with the exception of depreciation.	We have not performed any work on this area due to the reasons set out to the left.
PPE Additions £15,801k	We have: <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. • Been able to test the samples, as management provided sufficient working papers and supporting evidence. 	Our testing over this area is complete. We have not identified any matters to report to you.
Depreciation, amortisation and impairment £6,733k	We have: <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. • Performed analytics on the depreciation expense for accuracy and completeness. • We were able to confirm the in-year expense shown. However, the closing balance is directly influenced by the opening balance and therefore we are unable to conclude the expense is correctly accounted for. 	Our testing over this area is complete. We have not identified any matters to report to you.



Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Debtors Short term £8,919k Long term £7,287k	<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 debtors and payments in advance. • Selected samples to verify accuracy and existence of the balances as at year-end. • Experienced delays in receiving appropriate supporting evidence from management for the selected samples • Due to time constraints in meeting the backstop deadline, as per our agreement with management, we have stopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area. 	We have started but not been able to conclude our work for the reasons set out to the left.
Cash and cash equivalents £2,269k and -£631k	<p>We have</p> <ul style="list-style-type: none"> • Obtained an understanding of process and control over cash and cash equivalents. • Agreed the ledger breakdown to the TB and supporting notes for cash and cash equivalents. • Sought direct confirmation from the financial institutions, with management’s consent, for the value of each bank accounts as at 31 March 2025 and have received the responses. No issues has been identified in the balances confirmed. • We started our work on testing the bank reconciliation; however we did not receive all requested information to be able to complete this work ahead of the backstop date 	We have started but not been able to conclude our work for the reasons set out to the left.
Creditors Short term £16,018k Long term £9,336k	<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 creditors. • Selected samples to verify accuracy and existence of the balances as at year-end. • Experienced delays in receiving appropriate supporting evidence from management for the selected samples • Due to time constraints in meeting the backstop deadline, as per our agreement with management, we have stopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area. 	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

Testing area	Commentary	Conclusion
Borrowing <ul style="list-style-type: none"> • Long term £60,955k • Short term £10,356k 	We have: <ul style="list-style-type: none"> • Agreed the ledger breakdown to the TB and supporting notes for short and long-term borrowings. • Tested all the borrowings as at year end to verify accuracy and existence of the balances as at year-end. • We obtained direct confirmation from third parties where applicable and matched the amount for borrowings to the underlying contracts. • Verified the classification of borrowing as short-term and long-term for the disclosure purposes. 	Our testing over this area is complete. We have not identified any matters to report to you.
Reserves	We have: <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	We have: <ul style="list-style-type: none"> • Obtained the working paper for cashflow statement and its related notes as at the year end from the management for the draft financial statements. • Reconciled the movements in year to other parts of the accounts to confirm internal consistency. However, as these movements are directly influenced by opening balances, over which we have no assurance, we are not able to confirm the accuracy of the movements presented. 	Our testing over this area is complete. We have not identified any matters to report to you.



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 and general ledger;
- ▶ 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 Narrative Report and 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	The issue identified regarding the completeness of HRA land within the fixed asset register and subsequently the balance sheet is prevalent in previous years. However, due to delays in receiving information from management on the extent of this, we have been unable to understand what the financial impact would have been in prior years, and therefore whether a prior period adjustment would be required. As a result, we will be issuing a disclaimer of opinion.	We have been unable to determine the extent of the issue relating to the completeness of HRA land within the financial records. We will issue a disclaimer of opinion.
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



Accounting policies, key judgements and estimates



Accounting policies, key judgements and estimates

Accounting policies

We have evaluated the appropriateness of the Council's accounting policies, taking into account consistency with the disclosures from the prior year and requirements as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code') 2024/25 where appropriate. We have no matters to report.

Key judgements and estimates

Key judgements and estimates, as well as other judgements and estimates made by management, are set out in the table below along with audit commentary on these judgements and estimates in line with the enhanced requirements for auditors.

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Council dwellings and other land and buildings valuations (key accounting estimate)	318,303	<p>The Council has engaged an external valuer, Wilks Head & Eve, to value the asset portfolio. As of 31 March 2025, all council dwellings and other land and buildings were subject to a desktop revaluation.</p> <p>The majority of land and buildings are valued on an Existing Use Value basis. There were a smaller number of buildings valued on a Depreciated Replacement Cost basis. Council dwellings are valued using the basis of Existing Use Value for Social Housing.</p> <p>This has led to an overall net increase of £12,648k from the 31 March 2024 asset value (£305,655k). This increase includes movements other than revaluations, such as additions, transfers in through absorption, and depreciation.</p>	<p>We did not receive responses to information requests from the Council and the valuer in time to complete our work ahead of the backstop date.</p> <p>We are unable to form a conclusion. Our opinion will be disclaimed.</p>



Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Pension assets and liabilities valuations (key accounting estimate)	8,327	<p>The Council is a member of the Leicestershire Local Government Pension Fund (LGPS). Hymans Robertson provide actuarial valuations of the Council's share of the assets and liabilities of the pension fund. A full valuation is required every three years</p>	<p>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 risks we identified.</p> <p>As a result of the material and pervasive nature of missing assurance, and the imminent statutory backstop date of 27 February 2026 for the 2024/25 audit, we intend to issue a disclaimer of opinion.</p>



Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Depreciation	6,733	Depreciation is charged on a straight-line basis over the useful lives of Property, Plant, and Equipment assets, except for those without a determinable life (e.g., freehold land) or not yet in use (e.g., assets under construction).	<p>We performed a predictive analytical review of the depreciation balance, considering changes in useful lives and other in-year movements. Where variances exceeded the expected threshold, we discussed and investigated them with management.</p> <p>We have not identified any issues that require reporting to Those Charged with Governance.</p>



Other responsibilities

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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 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	Our testing identified a number of small value transactions with parties which had not been disclosed. Management has agreed to amend the accounts for these.	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 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.	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.
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	<p>We requested permission from the Council for us to send confirmation requests to their financial institutions, comprising HSBC. We receive confirmations in time to complete required audit procedures on the Council's bank balances.</p> <p>We also requested from management their permission for us to send letters to those solicitors who worked with the Council during the period. We have received responses and no material issues have been identified.</p>	We have no issues to report in response to this area.
Disclosures	From the work completed, our review found no material omissions in the financial statements that management has not agreed to correct.	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.
Going concern	<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).</p> <p>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>The work we have completed in this area has not identified any issues. However, we have not completed all audit procedures required to allow us to conclude that:</p> <ul style="list-style-type: none"> • a material uncertainty related to going concern does not exist. • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



Financial statements: other responsibilities

Matter	Commentary	Findings
Other information (Narrative report and Annual Governance Statement)	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.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.
Matters on which we report by exception	<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 weakness 	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.



Financial statements: other responsibilities

Matter	Commentary	Findings
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.



Audit adjustments

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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 2024/25 .	Management has agreed to change the disclosure	Y
<u>Capital commitments</u> One item tested was incorrectly categorised as a capital commitment as all the spend on the project was incurred before year end.	Management has agreed to change the disclosure	Y
<u>Related parties</u> Our testing identified a number of small value transactions with parties which had not been disclosed	Management has agreed to change the disclosure	Y
<u>Exit packages</u> Two exit packages had not been disclosed within the relevant note to the accounts	Management has agreed to change the disclosure	Y
<u>IFRS 16 accounting policy</u> The change in the accounting policy relating to IFRS 16 was not disclosed within the accounts		Y
<u>Capital Financing Requirement</u> We were unable to reconcile the Capital Financing Requirement (CFR) note to the balance sheet. The variance was £135k. The Council has also identified an error with the opening CFR requirement; they are planning to amend this and subsequently the closing CFR balance will also change.	Management to update the opening and closing CFR balances, however they will not amend for the £135k reconciling difference due to the low value.	Y
<u>Formatting, disclosures and narrative</u> We proposed a number of minor changes and narrative amendments to the financial statements, including the HRA notes, to improve disclosures and presentation of the accounts.	Management has agreed to amend the accounts for our proposed changes	Y

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Audit adjustments

Impact of prior year unadjusted misstatements on the 2024/25 financial statements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2023/24 financial statements, and their impact on the 2024/25 financial statements.

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)
Testing of service expenditure in 2023/24 identified an item relating to a finance lease which had been incorrectly included as expenditure instead of a non-current liability. Actual error £171k, extrapolated error £485k. DR Expenditure CR Non-Current Liabilities	485	(485)	485
Understatement of additions identified from build back testing in 2020/21. Actual error £17k, extrapolated error £202k DR PPE additions CR Expenditure	(202)	202	(202)
Incorrect classification of assets identified from build back testing in 2022/23. Actual error £576k, total possible error £674k DR Infrastructure assets CR Vehicles, plant and equipment assets	0	0	0
Overall impact	283	283	283
2024/25 impact	0	0	0
Cumulative impact	283	283	283

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Building back assurance

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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 31 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 31 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 were able to complete this work, and our assessment was to categorise the Council as lower risk.</p>



Building back assurance

Build back activity	Commentary	Audit view
<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 completed testing on the following areas:</p> <ul style="list-style-type: none"> • Additions (2020/21, 2021/22, 2022/23 and 2023/24) • Disposals (2020/21, 2021/22, 2022/23 and 2023/24) • Reclassifications (2021/22 and 2022/23) • Depreciation (2020/21, 2021/22, 2022/23 and 2023/24) <p>We have not identified any issues from our testing of depreciation.</p> <p>Our reconciliation of disposal proceeds to the fixed asset register for 2022/23 identified an additional significant risk regarding the completeness of HRA land. This has been documented separately in this report.</p> <p>Our testing of additions in 2020/21 identified transactions for which we could not substantiate if the accounting treatment was correct as we were not provided with supporting documentation from the council. The extrapolated error is an understatement of additions of £201k.</p> <p>Our testing of asset reclassifications in 2022/23 identified assets that had been moved from the infrastructure category to the vehicles, plant and equipment category. We were unable to substantiate if the movement was correct as we were not provided with supporting documentation from the council. The extrapolated error value is £673k.</p>	<p>We have gained assurance over PPE movements as described in the commentary to the left.</p>



Building back assurance

Build back activity	Commentary	Audit view
Phase 3: Build back of assurance in respect of unusable reserves	<p>We have performed an analysis of the movements in reserves and reconciled these to elsewhere in the financial statements. This has been completed for years 2020/21, 2021/22, 2022/23 and 2023/24.</p> <p>However, we do not have assurance over the accuracy and completeness of the transactions that resulted in movements in reserves during the disclaimed periods.</p>	<p>As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.</p>
Phase 3: Build back of assurance in respect of useable reserves	<p>We have performed an analysis of the movements in reserves and reconciled these to elsewhere in the financial statements. This has been completed for years 2020/21, 2021/22, 2022/23 and 2023/24.</p> <p>However, we do not have assurance over the accuracy and completeness of the transactions that resulted in movements in reserves during the disclaimed periods.</p>	<p>As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.</p>



Value for money

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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 are reported in our Auditor's Annual Report.

We have not identified any significant weaknesses in the Council's arrangements and so are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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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	No	No	No	Yes
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	No



Independence and ethics

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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.

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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.</p> <p>We therefore consider these risks sufficiently mitigated.</p>



Independence and ethics c

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

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Appendices

Appendix I: Recommendations arising from the audit	51
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Recommendations

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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
Page 86 RED	<p>HRA land records</p> <p>We identified from our build back work that Council has previously sold elements of HRA land which had not been historically recorded within the fixed asset register, and subsequently the balance sheet. This has resulted in an understatement of HRA land values. We are unable to determine the value of this at time of writing as management are completing an exercise to understand the extent and impact of the issue.</p>	<p>Management should complete an exercise to identify all HRA land that the Council owns and assess its value. The outcome of the exercise should be reconciled to the fixed asset register thereby ensuring the balance sheet accurately reflects the value of HRA land owned by HBBC.</p> <p>If material differences are identified because of the above, management should look to make prior period adjustments to previous financial statements.</p>	<p>The Assistant Director Assets & Business Development and the Assistant Director Finance & Audit (S151 Officer) are reviewing the underlying information and will supply and audit trail from 2029/20 to the 31 March 2025 for audit review as part of the next tranche of build back work in 2025/26</p>

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
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 87 AMBER</p>	<p>Asset identification and ownership</p> <p>We tested a sample of 49 assets to gain assurance that they existed and were owned by the Council.</p> <p>For two samples it was not possible for the Council to confirm that they were the legal owners of the assets.</p> <p>For six samples we were unable to confirm that the assets existed. Four of these related to recycling containers which are entered into the fixed asset register as one asset in the year that they are purchased. This made it difficult to perform existence testing as there was no way of being able to match physical recycling containers to the assets included in the fixed asset register.</p>	<p>Management should consider how they can uniquely identify assets to be able to maintain accurate financial records.</p> <p>Management should ensure that they have appropriate documentation which proves they are the owners of the assets included in the fixed asset register.</p>	<p>Full historical records are not available and are impossible to achieve retrospectively given the high numbers of wheeled bins in the Borough (approximately 3 per property). If a bin breaks or goes missing the household will contact the council. However, all bins issued are recorded on uniform (data base used for waste services). These records note the property address, and they type / number and date of bins delivered.</p> <p>To retrospectively achieve a full register of all wheeled bins and their locations would be costly and time consuming as would require multiple visits to every property on bin collection days to ascertain which bins are being presented by residents. This information would soon become out of date as the Council cannot control lost bins, residents no longer presenting bins etc. Asset tagging nearly 250,000 waste containers is not considered practical or cost effective.</p>	<p>Action in progress. Recommendation remains open</p>



Fees

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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	158,656	158,656
<i>Other fees</i>		
In year quality and preparation issues- we experienced delays in receiving information from the Council in a number of audit areas.	0	10,110
IFRS16 Leases: work needed to audit the new standard. PSAA have confirmed this work is not included in the above scale fee. We were not able to complete all of our work in this area due to insufficient information received from the council.	TBC	2,600
Sub total	TBC	171,366

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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>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	11,730
<i>Build back fees</i>		
Opinion: costs to recover assurance over disclaimed periods including: LARRIG 06 risk assessment, PPE build back; Work on phase 3 useable and unusable reserves.	TBC	11,941 35,483 13,868
Sub total	TBC	73,022
Sub-total carried forward from previous page	TBC	171,366
Total audit fees	TBC	244,388

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Appendix II: Fees

Total fees

Non audit fees for other services	Proposed fee £	Final fee £
Housing Benefit (HBAP) certification Work is still ongoing so the number of additional workbooks can not be confirmed.	£28,000 (plus £2,000 for each additional workbook)	£28,000 (plus £2,000 for each additional workbook)
Pooling of Housing Capital Receipts	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	244,388
Total fees charged	TBC	282,388*

The audit fees charged reconcile to the fees disclosed in the financial statements. As per PSAA's Scale Fees Consultation, the scale fees did not include the new requirements of IFRS16 Leases. Additional Fees charged are 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.

*Subject to finalisation of the HBAP certification fee





[Put on Council headed paper]

Azets Audit Services
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Your Ref:
Our Ref: C-10012389/CHB/HP

[Date]

Dear Sirs

**Hinckley and Bosworth Borough Council
Financial Statements for the year ended 31 March 2025**

This representation letter is provided in connection with the audit of the financial statements of Hinckley and Bosworth Borough Council (the "Council") for the year ended 31 March 2025.

I confirm that to the best of my knowledge and belief having made such inquiries as I considered necessary for the purpose of appropriately informing myself:

Financial Statements

- i. I have fulfilled my responsibilities as Section 151 Officer for the preparation of the Council's financial statements in accordance with applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code), for being satisfied that they give a true and fair view and for making accurate representations to you.
- ii. I have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The financial statements are free of material misstatements and misclassifications including omissions.
- iv. I have reviewed and approved all audit disclosure adjustments made in the financial statements.

- v. I confirm I have considered the impact on the financial position of unadjusted misstatements brought forward from prior years (total £485,000) and I am satisfied that those prior year unadjusted misstatements were resolved in 2024/25 and do not impact on the current year.
- vi. I have reviewed and approved all disclosures made in the financial statements and I am not aware of any other matters which require disclosure in order to comply with the requirements of UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code.
- vii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- viii. I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and I believe that I have appropriately fulfilled these responsibilities.
- ix. The methods, data and significant assumptions used by us in making accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework. I am satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- x. The Council has satisfactory title to all assets. The Council has no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities as at 31 March 2025 reflected in the financial statements.
- xi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- xii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of applicable law and accounting standards.
- xiii. All events subsequent to the date of the financial statements and which require adjustment or disclosure have been adjusted or disclosed.
- xiv. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK adopted international accounting standards, and as interpreted and adapted by the Code.
- xv. I believe that the Council's financial statements should be prepared on a going concern basis. I do not expect the Council to demise in its current organisational form; however, my basis for going concern acknowledges that if that situation

arose the services would be transferred to another body. I believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xvii. I acknowledge the Council's legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as I am aware, there is no relevant audit information needed by you for the purposes of your audit of which you are unaware.
- xviii. On 5 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements in respect of 2024/25 of 27 February 2026. The National Audit Office Code of Audit Practice requires that where auditors are unable to conclude their work by this statutory backstop date they should issue either a qualified audit opinion or a disclaimer of opinion. It has not been possible to provide you with the all the required information for you to complete your audit for the year ending 31 March 2025 by the statutory backstop date.

This includes the following:

- a. providing you with:
 - i. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
 - ii. all additional information that you might have requested from us for the purpose of your audit; and
 - iii. access to all persons within the Council from whom you determined it necessary to obtain audit evidence.
- xix. I have communicated to you all deficiencies in internal control of which management is aware.
- xx. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxi. I have disclosed to you all information in relation to known fraud or suspected fraud that I am aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxii. I have disclosed to you all information in relation to instances of, or allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiii. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

- xxiv. I have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which I am aware.
- xxv. I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- xxvi. All transactions undertaken by the Council have been recorded in the accounting records and are properly reflected in the financial statements.

Management Commentary

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

Corporate Governance Statement

- xxviii. I am satisfied that the Corporate Governance Statement fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks or weaknesses in governance or internal control that are not disclosed within the Statement.

Yours faithfully

Signature:.....

Name: Ashley Wilson

Position: s151 Officer

Date.....

FORWARD PLAN FOR AUDIT COMMITTEE 2025-2026

Item	Date	Contact
Internal Audit Report (TBC) External Audit Reports (Annual Audit Report on financial statements) Financial Reporting (Final Financial Statements) Fraud Strategy and Action plan update (Postponed to 1 April 2026) Governance Risk and Control (Final Annual Governance Statement)	4 Feb 2026	Mazars Azets S151 Officer S151 Officer S151 Officer
Update on Audit Committee Action Plan for improvement Internal Audit Report (TBC) External Audit Reports (TBC) Fraud Strategy and Action plan update Training needs confirmed	1 April 2026	Deputy S151 Officer Mazars Azets Monitoring Officer/S151 Officer Chair of Audit Committee
Internal Audit Report (TBC) External Audit Reports (TBC) Fraud Strategy and Action plan update Items at the request of the Audit Committee Chair (if Any)	27 May 2026	Mazars Azets S151 Officer Chair of Audit Committee
Corporate Risk Register report Internal Audit Report (TBC) External Audit Reports (TBC) Fraud report (If any issues to report)	22 July 2026	Monitoring Officer/S151 Officer Mazars Azets Monitoring Officer/S151 Officer
Update on Audit Committee Action Plan for improvement	16 Sept 2026	S151 Officer/ Chair of Audit Committee

<p>Internal Audit Report (TBC) External Audit Reports Fraud report (If any issues to report) Items at the request of the Audit Committee Chair (if Any) Update on Audit Committee Action Plan for improvement</p>		<p>Mazars Azets Monitoring Officer/S151 Officer Chair of Audit Committee Chair of Audit Committee</p>