



# Hinckley and Bosworth Borough Council

Draft Audit Completion Report  
Year ended 31 March 2025

January 2025

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This report has been prepared for the sole use of those charged with governance, should not be quoted in whole or in part without our prior written consent, and should not be relied upon by third parties. We do not accept responsibility for any loss occasioned to any third party acting, or refraining from acting, on this report, as it was not prepared for, nor intended for, any other purpose.

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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.

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# Executive summary

# 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.

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# 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:*

- ▶ 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.

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.

## Statutory duties

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

## Certificate

We will not be able to certify the closure of the audit until:

- we have completed all work we are requested to undertake as a component auditor for Whole of Government Accounts (WGA), and we receive confirmation from the National Audit Office that the Comptroller and Audit General has certified the WGA for 2024/25.

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

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

# Financial statements



# Quality Indicators

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

KEY:

RED

AMBER

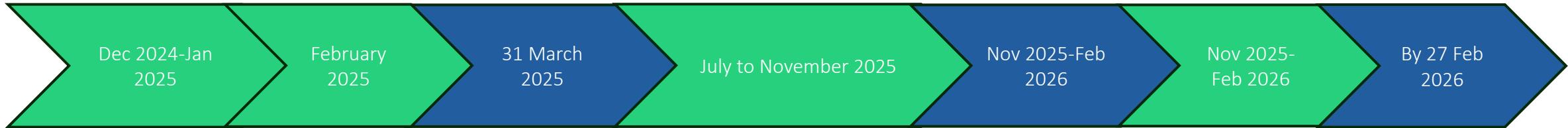
GREEN

Significant improvement required  
Developing  
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>



# Audit Timeline



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

# 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.

## 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.

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# Key audit findings



# Key audit findings: significant risks

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

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

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

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	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.



# 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><b>Management override of controls (Council)</b> 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><b>Risk of material misstatement:</b> Very High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area include:</p> <ul style="list-style-type: none"><li>• Documented our understanding of the journals posting process and evaluated the design effectiveness of management controls over journals;</li><li>• Analysed the journals listing and determined the criteria for selecting high risk and/or unusual journals;</li><li>• 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;</li><li>• 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</li><li>• Evaluated the rationale for any changes in accounting policies, estimate or significant unusual transactions.</li></ul>

# 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.

# 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><b>Fraud in revenue recognition and expenditure (rebuted)</b> 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: Little incentive by management to manipulate revenue recognition; and Limited opportunity to manipulate revenue recognition</p> <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: Little incentive by management to manipulate expenditure recognition; and Limited opportunity to manipulate expenditure recognition.</p> <p><b>A</b> 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"><li>• 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;</li><li>• 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;</li><li>• Evaluating the Council's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code;</li><li>• Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised for the year.</li></ul>	<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>

# Key audit findings: significant risks

## Valuation of council dwellings and other land and buildings

Significant risks	Audit approach
<p><b>Valuation of council dwellings and other land and buildings (key accounting estimate)</b></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. 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><b>Inherent risk of material misstatement:</b> 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"><li>Evaluated management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;</li><li>Evaluated the competence, capabilities and objectivity of management's valuation expert;</li><li>Considered the basis on which the valuations are carried out and challenged the key assumptions applied;</li><li>Evaluated the reasonableness of the valuation movements for assets revalued during the year, with reference to market data;</li><li>For unusual or unexpected valuation movements, we tested the information used by the valuer to ensure it is complete and consistent with our understanding;</li><li>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</li><li>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.</li></ul>



# 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.

# Key audit findings: significant risks

## Valuation of pension assets and liabilities

Significant risks	Audit approach
<p><b>Valuation of pension assets and liabilities (IAS19) (key accounting estimate) (Council)</b> 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><b>Inherent risk of material misstatement:</b> 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"><li>• Evaluating managements processes for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work;</li><li>• Evaluating the competence, capabilities and objectivity of the actuary;</li><li>• 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;</li><li>• Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert;</li><li>• Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements;</li><li>• 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</li><li>• Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.</li></ul>

# 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><b>IFRS 16</b></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><b>Inherent risk of material misstatement:</b> 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"><li>• 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;</li><li>• Review the council's accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard;</li><li>• 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;</li><li>• 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.</li></ul>	<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><b>Prior year opinion on the financial statements</b> 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><b>Inherent risk of material misstatement:</b> 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"><li>• Considering the findings and outcomes of prior year audits and their impact on the 2024/25 audit;</li><li>• 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</li><li>• Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years.</li><li>• Carrying out a risk assessment of the period from the start of 2020/21 to date;</li><li>• Commencing build back work for PPE additions, disposals, reclassifications and depreciation for 2020/21, 2021/22, 2022/23 and 2023/24.</li></ul>	<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><b>Completeness of HRA Land</b></p> <p>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><b>Inherent risk of material misstatement:</b> 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"><li>• Documenting our understanding of the process used by management for recording new purchases of HRA land;</li><li>• Reviewing the exercise undertaken by management to identify additional items of HRA land that are not currently included within the balance sheet;</li><li>• Testing a sample of HRA land from other source records and ensuring items have been included in the exercise completed by management;</li><li>• 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.</li></ul>	<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"> <li>Agreed the ledger breakdown for additions to the GL and FAR and the note for property, plant and equipment.</li> <li>Selected samples for testing to verify accuracy and occurrence of the transactions.</li> <li>Been able to test the samples, as management provided sufficient working papers and supporting evidence.</li> </ul>	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"> <li>Reconciled the depreciation of non-current assets as per the note in the financial statements to the GL.</li> <li>Agreed the depreciation expense shown in the financial statements to the FAR.</li> <li>Performed analytics on the depreciation expense for accuracy and completeness.</li> <li>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.</li> </ul>	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"> <li>Agreed the ledger breakdown to the TB and supporting notes for long and short-term debtors and payments in advance.</li> <li>Selected samples to verify accuracy and existence of the balances as at year-end.</li> <li>Experienced delays in receiving appropriate supporting evidence from management for the selected samples</li> <li>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.</li> </ul>	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"> <li>Obtained an understanding of process and control over cash and cash equivalents.</li> <li>Agreed the ledger breakdown to the TB and supporting notes for cash and cash equivalents.</li> <li>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.</li> <li>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</li> </ul>	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"> <li>Agreed the ledger breakdown to the TB and supporting notes for long and short-term creditors.</li> <li>Selected samples to verify accuracy and existence of the balances as at year-end.</li> <li>Experienced delays in receiving appropriate supporting evidence from management for the selected samples</li> <li>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.</li> </ul>	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 • Long term £60,955k • Short term £10,356k	We have: <ul style="list-style-type: none"><li>Agreed the ledger breakdown to the TB and supporting notes for short and long-term borrowings.</li><li>Tested all the borrowings as at year end to verify accuracy and existence of the balances as at year-end.</li><li>We obtained direct confirmation from third parties where applicable and matched the amount for borrowings to the underlying contracts.</li><li>Verified the classification of borrowing as short-term and long-term for the disclosure purposes.</li></ul>	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"><li>Evaluated the completeness of the statutory adjustments included in the 2024/25 movement in reserves statement</li><li>Reconciled the internal consistency of reserves movements in year with other parts of the financial statements</li><li>Not been able to conclude the accuracy of the movements as the movements and the closing balance are directly influenced by the opening balance.</li></ul>	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"><li>Obtained the working paper for cashflow statement and its related notes as at the year end from the management for the draft financial statements.</li><li>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.</li></ul>	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:

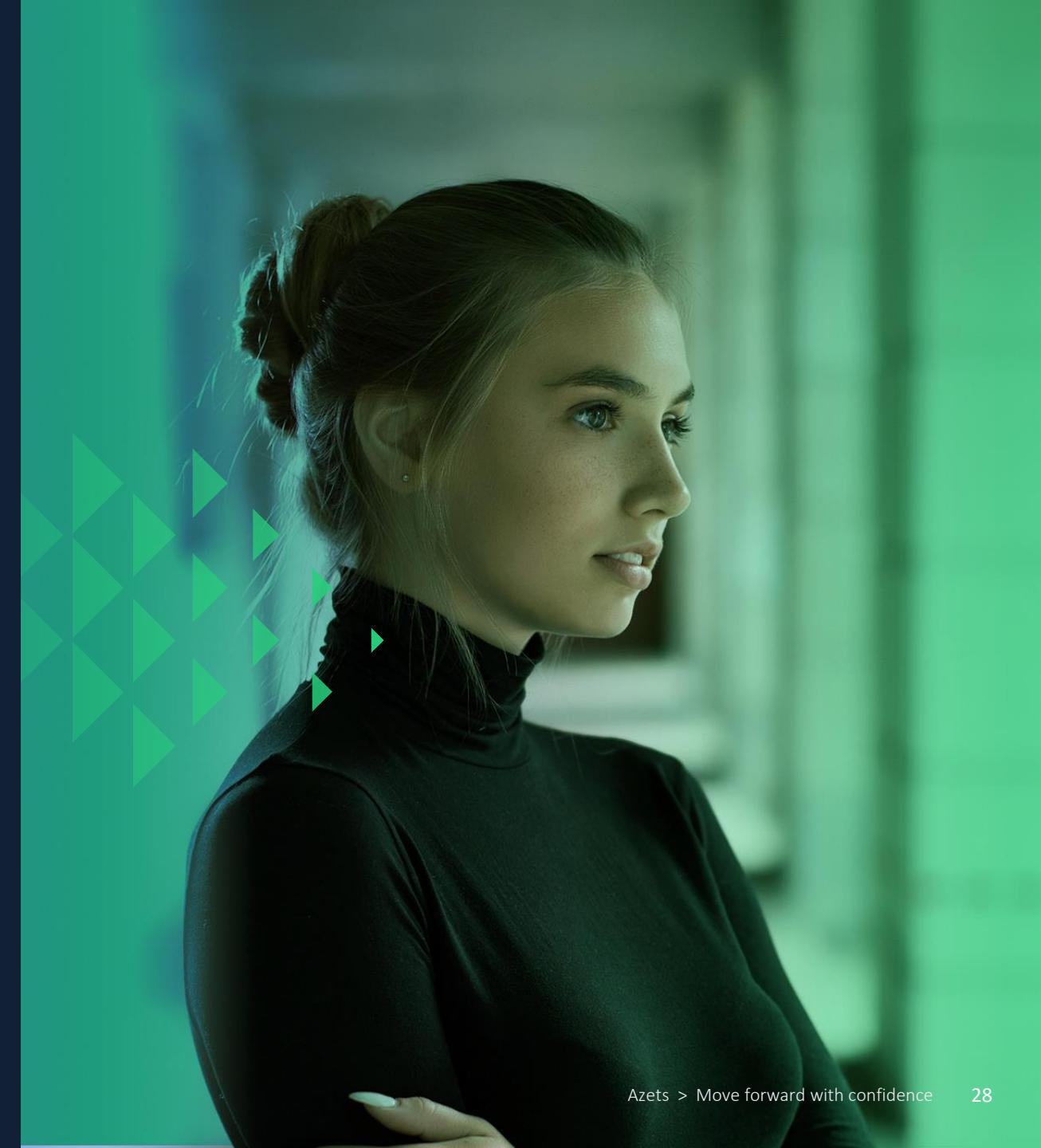
- ▶ Responding to any actual or suspected non-compliance with laws and regulations of which we have become aware;
- ▶ Reviewing minutes of meetings including, but not limited to, full Council, Cabinet and the Audit Committee;
- ▶ IT General controls and work under ISA315;
- ▶ Business process documentation 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"><li>• Consultation by management with other accountants on accounting or auditing matters</li><li>• Matters significant to the oversight of the financial reporting process</li><li>• Adjustments / transactions identified as having been made to meet an agreed system position / target</li></ul>	No concerns were identified	None noted

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# 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 &amp; 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).</p> <p>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>

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# Other responsibilities



# Financial statements: other responsibilities

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

Matter	Commentary	Findings
<b>Matters in relation to fraud</b>	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.
<b>Matters in relation to related parties</b>	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.
<b>Matters in relation to compliance with laws and regulations</b>	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.
<b>Written representations</b>	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"> <li>• a material uncertainty related to going concern does not exist.</li> <li>• management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

# 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	We are required to report on a number of matters by exception: <ul style="list-style-type: none"><li>• 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</li><li>• Where we are not satisfied in respect of arrangements to secure value for money and have reported significant weakness</li></ul>	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	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.  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.	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
<b>Statutory powers and duties</b>	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.

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# Audit adjustments



# 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?
<b><u>Audit fees</u></b> Management incorrectly disclosed the audit fee for 2024/25 .	Management has agreed to change the disclosure	Y
<b><u>Capital commitments</u></b> 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
<b><u>Related parties</u></b> Our testing identified a number of small value transactions with parties which had not been disclosed	Management has agreed to change the disclosure	Y
<b><u>Exit packages</u></b> Two exit packages had not been disclosed within the relevant note to the accounts	Management has agreed to change the disclosure	Y
<b><u>IFRS 16 accounting policy</u></b> The change in the accounting policy relating to IFRS 16 was not disclosed within the accounts		Y
<b><u>Capital Financing Requirement</u></b> 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
<b><u>Formatting, disclosures and narrative</u></b> 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

# Audit adjustments

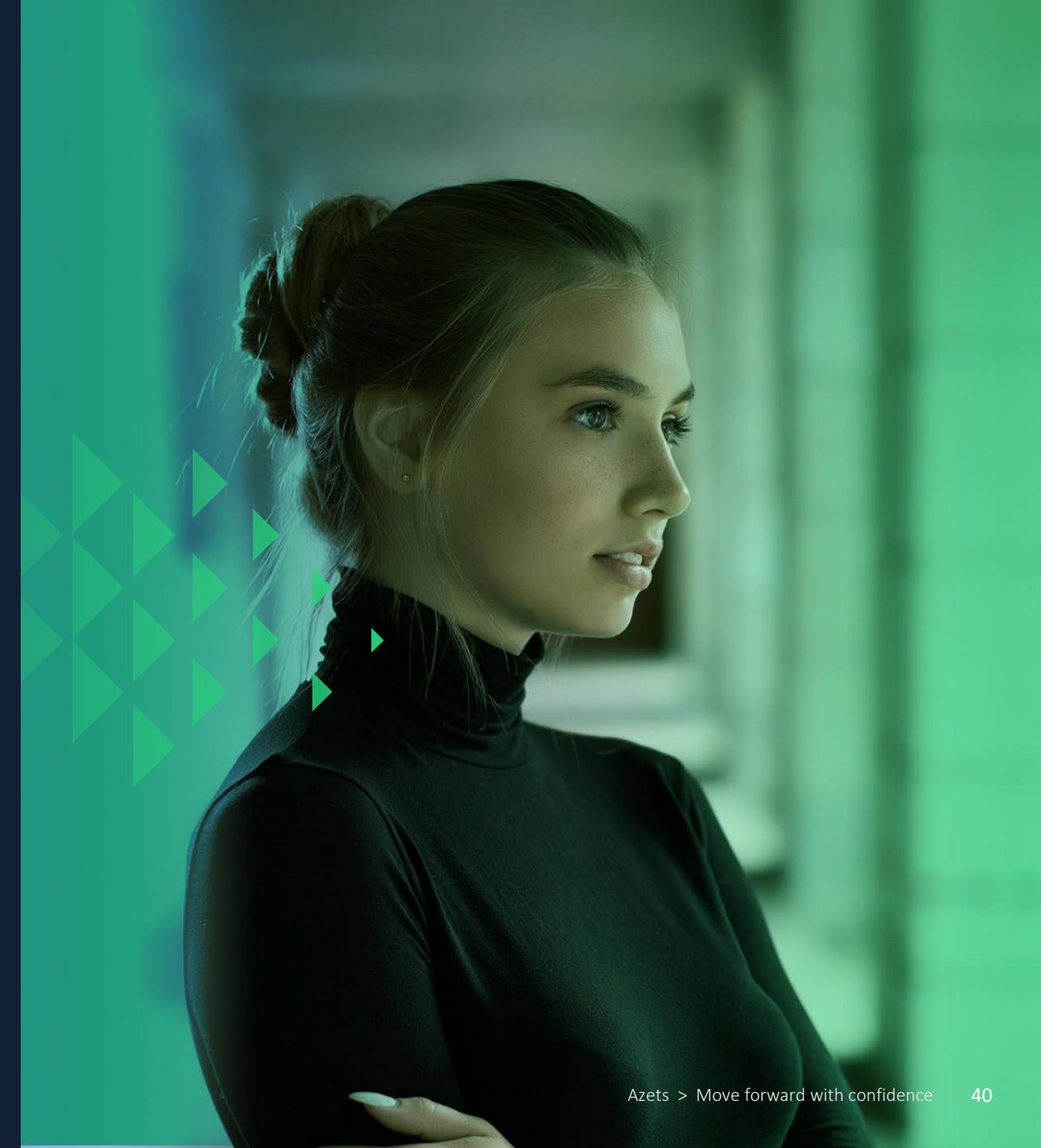
## Impact of prior year unadjusted misstatements on the 2024/25 financial statements

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
<b>Overall impact</b>	283	283	283
<b>2024/25 impact</b>	0	0	0
<b>Cumulative impact</b>	283	283	283

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# Building back assurance



# Building back assurance

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

Build back activity	Commentary	Outcome
<p><b>Risk Assessment (LARRIG 06)</b></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"><li>• Whether the Council has a history of timely production of the financial statements</li><li>• The number of years for which disclaimed opinions have been issued</li><li>• The complexity and volume of movement in reserves over the disclaimed period</li><li>• The strength of the control environment in place over the period of disclaimed opinions</li><li>• Changes in key personnel, financial reporting systems or key processing activities during the disclaimed period</li><li>• Previous reporting of significant deficiencies in control, significant weaknesses in arrangements to secure VFM or material or other misstatements</li><li>• The level of reserves in place over the disclaimed period</li><li>• Issues reported by Internal Audit and in the Annual Governance Statements</li></ul>	<p>We were able to complete this work, and our assessment was to categorise the Council as lower risk.</p>

# Building back assurance

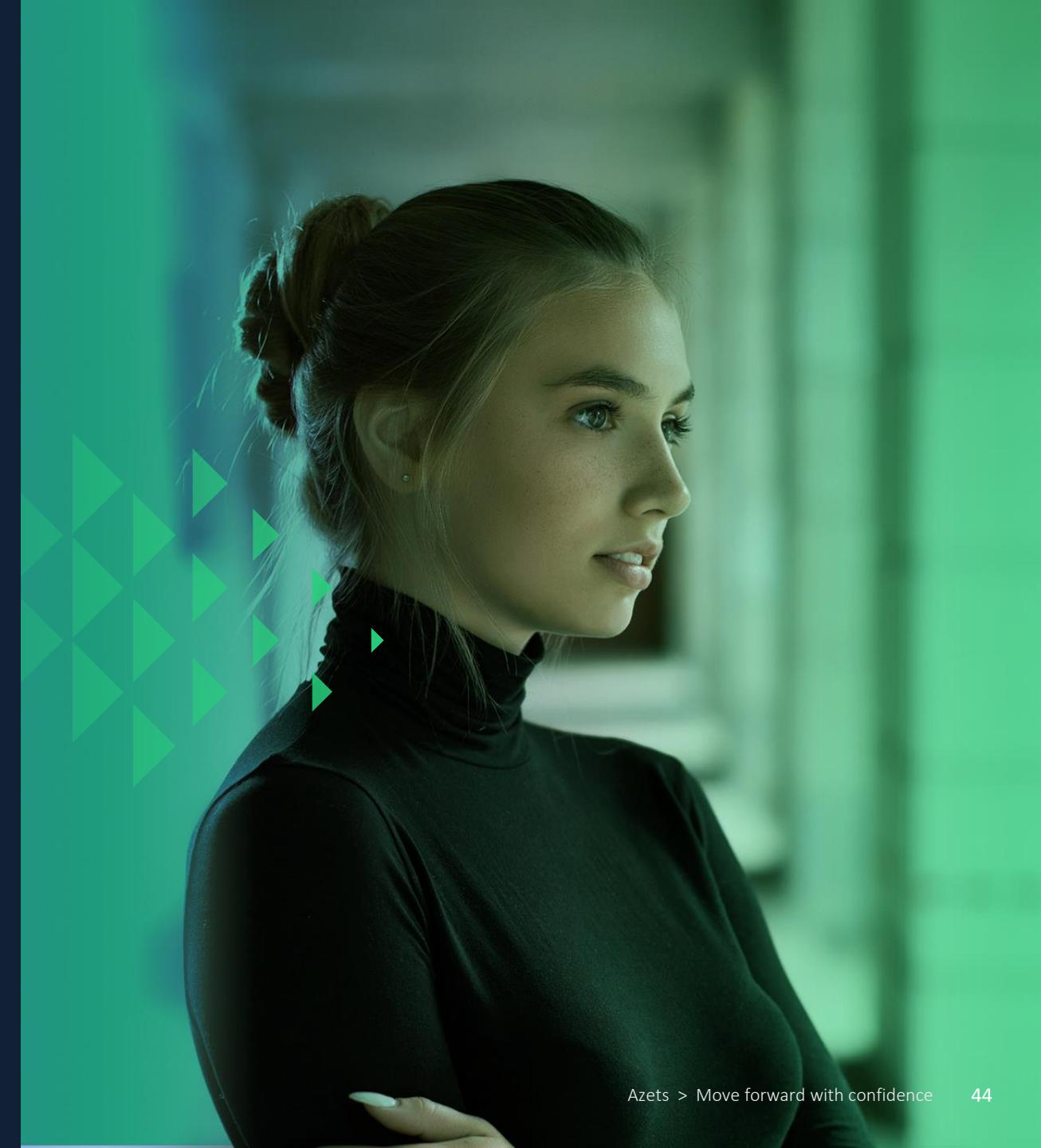
Build back activity	Commentary	Audit view
<p><b>Phase 2: Build back of assurance in respect of Property, Plant and Equipment over the disclaimed period</b></p> <p>In order to build back assurance over the reserves, we are required to undertake substantive testing of movements in property, plant and equipment over the disclaimed period.</p>	<p>We have completed testing on the following areas:</p> <ul style="list-style-type: none"><li>• Additions (2020/21, 2021/22, 2022/23 and 2023/24)</li><li>• Disposals (2020/21, 2021/22, 2022/23 and 2023/24)</li><li>• Reclassifications (2021/22 and 2022/23)</li><li>• Depreciation (2020/21, 2021/22, 2022/23 and 2023/24)</li></ul> <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
<b>Phase 3: Build back of assurance in respect of unusable reserves</b>	<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>	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.
<b>Phase 3: Build back of assurance in respect of useable reserves</b>	<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>	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.

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# Value for money



# Value for money

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

We have completed our value for money work. Our detailed findings 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.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
<b>Financial sustainability</b> How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	Yes
<b>Governance</b> How the body ensures it makes informed decisions and properly manages risk	Yes	No	No	No	Yes
<b>Improving economy, efficiency and effectiveness</b> 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



# Independence and ethics

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

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

In particular:

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

## Non-audit service fees

Service	2024/25 Fee £	Threats identified	Safeguards
Housing Benefit (HBAP) certification	£28,000 (plus £2,000 for each additional workbook)	Self interest (recurring fee)	<p><b>Self-interest:</b> 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><b>Self-review:</b> 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><b>Management:</b> 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>

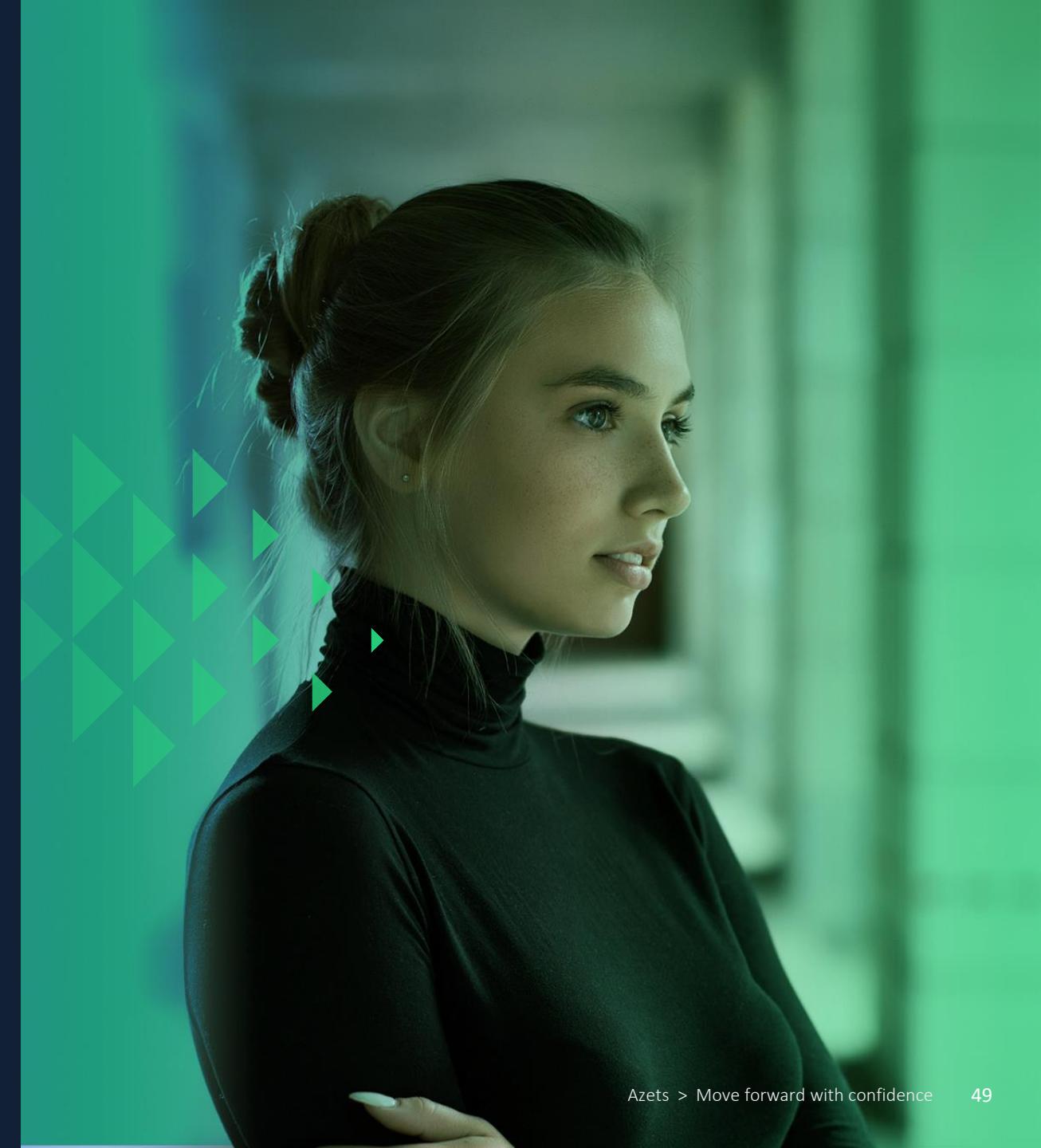


# Independence and ethics c

Service	2024/25 Fee £	Threats identified	Safeguards
Pooling of Housing Capital Receipts	10,000	Self-interest (recurring fee)	<p><b>Self-interest:</b> 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><b>Self-review:</b> 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><b>Management:</b> 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>

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# Appendices



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# Appendices

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# Recommendations



# Appendix I: Recommendations

## Recommendations identified during the course of our audit.

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

Assessment	Issue	Recommendation	Management response
RED	<p><b>HRA land records</b></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 &amp; Business Development and the Assistant Director Finance &amp; 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



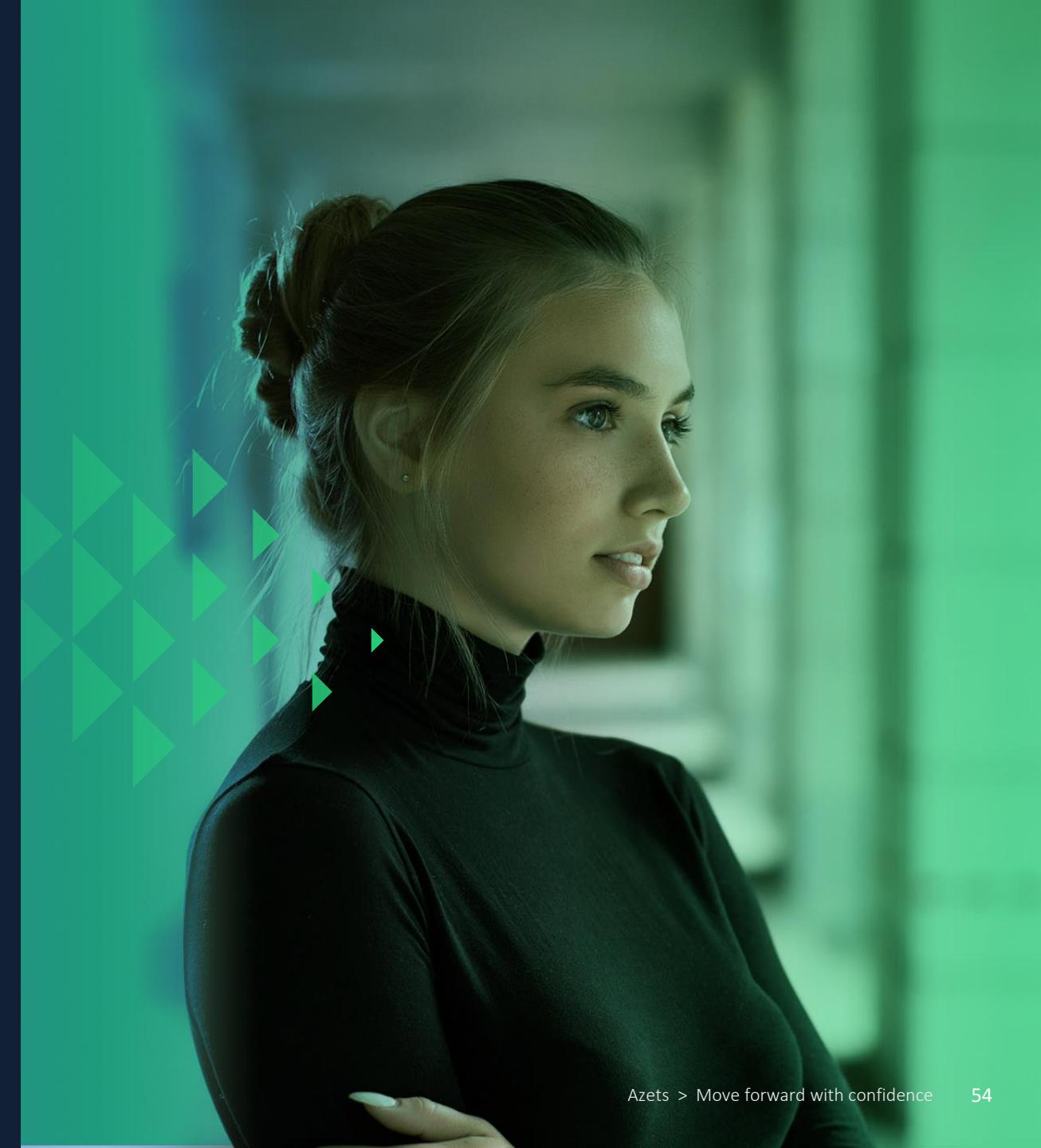
# Appendix I: Internal control recommendations

## Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Management update 2024/25	Outcome
AMBER	<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 it 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>

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# Fees



## Appendix II: Fees

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

Audit fees	Proposed fee £	Final fee £
<i>Scale fee – base fee for the audit of the Council's financial statements (as set out in the scale fees issued by PSAA)</i>		
Core work	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
<b>Sub total</b>	<b>TBC</b>	<b>171,366</b>

## 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 £
<b><i>Disclaimer fees</i></b>		
<b>Disclaimer fees:</b> 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
<b><i>Build back fees</i></b>		
<b>Opinion:</b> 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
<b>Sub total</b>	TBC	73,022
<b>Sub-total carried forward from previous page</b>	TBC	171,366
<b>Total audit fees</b>	TBC	244,388

## 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
<b>Total non audit fees</b>	<b>38,000</b>	<b>38,000</b>
Fees brought forward for the core audit and build back, plus disclaimer reporting costs (see previous page)	TBC	244,388
<b>Total fees charged</b>	<b>TBC</b>	<b>282,388*</b>

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

