



# Hinckley and Bosworth Borough Council

External Audit Interim progress report

Year ended 31 March 2024

March 2024



## Your key team members

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# Introduction

## ***Adding value through the audit***

*All our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.*

## **Purpose**

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- Details of progress made to date and whether it is on track
- Where progress is on track, any initial findings which may impact the final accounts audit

Members are invited to consider the progress reported in this paper and any actions considered necessary in response.

## **Auditor reporting delays for previous periods and the impact on our audit**

Although we are planning to complete the majority of our audit work for the year ended 31 March 2024 in line with the statutory timetable, so that we can report our initial findings to your Audit Committee in late 2024, please note that we will not be able to fully complete our audit, issue our auditor's report and certify the closure of the audit until your predecessor auditor has issued their audit opinion for the year ended 31 March 2023. Once this has been completed, we will need to review the predecessor auditor's audit file and consider the impact on our audit of any modifications to their auditor's report.

Should additional procedures or changes to the audit plan be required, we will report these to you. The cost of additional work to revisit planning upon completion of the prior year audits will also be reported to you.

# Introduction

## Council responsibilities

The Council has responsibility for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support its financial statements and related reports disclosures; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

## Our expectations and requirements

In our audit plan, we set out the following requirements to enable us to deliver the audit in line with the agreed fee and timetable:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement, and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays.

# Introduction

## Continued progress of the audit

We have held meetings with the Director of Finance and Chair of the Audit Committee to inform our planning.

Engagement with management has been good and we have received responses to a range of planning enquiries and requests, enabling us to progress our planning work. Where information has been received, we have not at this stage identified any adverse findings to report to you.

However, management has not yet provided responses to all information requests to allow us to finalise our planning, more information is included on the following pages.

The continued progression of the audit from this point is dependant upon management's capacity to respond to requests and provide information as required. Should this not be possible, we will inform you of any change to the audit timescales and revised likely completion dates.

Should anything arise from our finalisation of the planning procedures that changes the risks or planned procedures, we will report these to you.

# Audit work plan tracker

We have outlined below progress to date on planning, risk assessment and early testing in relation to the financial statement audit:

Planned activity	Progress	Issues, impact and actions	Progress	Findings
<b>Planning inquiries with management</b>	Response received	None identified at the time of writing this report		
<b>Planning inquiries with Those Charged With Governance</b>	Response received	There is scope to improve the information provided to Audit Committee members relating to key estimates and judgements, and the going concern assumption, so that they can provide appropriate oversight of these matters.		
<b>Value for money risk assessment and planning</b>	Response received	We have identified a potential risk of significant weakness in governance arrangements which was communicated to the Audit Committee on 17 January 2024.		
<b>Opening balance testing</b>	Delayed	Prior year closing balances have not been brought forward by the Council due to prior year audits not being completed. Therefore, it has not been possible to complete this work.		
<b>Income testing</b>	In progress	We have selected samples for grant income and are awaiting responses to queries from management.		
<b>IT General controls</b>	Delayed	There has been a lack of engagement from key contacts within the IT department and considerable delays in responding to requests for information. The work performed to date is currently undergoing review, however preliminary recommendations relate to segregation of duties and reviewing access to IT systems.		

**KEY:**

- RED:** Information required significantly delayed and statutory deadline may not be met / significant issue identified as finding
- AMBER:** Information required is delayed / issue identified
- GREEN:** Information required received and audit on track / no significant adverse findings or issues identified at time of writing

# Audit work plan tracker

Planned activity	Progress	Issues, impact and actions	Progress	Findings
<b>Walkthroughs/business processes</b>	Response received	None identified at the time of writing this report.		
<b>Preliminary going concern assessment</b>	In progress	Management to present their assessment to the Audit Committee in April 2024.		
<b>Employee remuneration starters and leavers testing</b>	In progress	None identified at the time of writing this report.		
<b>Interim expenditure testing</b>	Delayed- we are still awaiting the population to select samples to test	Delays in receiving this information will necessitate reallocating time from the fieldwork stage to address outstanding planning, thereby potentially impacting the initiation of year-end testing.		
<b>Management judgements and estimates</b>	In progress	Management to present their key judgements and estimates to the Audit Committee in April 2024.		
<b>Review of predecessor auditor files</b>	We have not been able to review the predecessor auditor's files as audit opinions have not been issued for the 2020/21, 2021/22 or 2022/23 financial years.	We are unable to assess whether audit work from previous years will impact on our risk assessment or audit procedures.		

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# Audit work plan tracker

Planned activity	Progress	Issues, impact and actions	Progress	Findings
<b>Population cleansing</b>	In progress	We are having conversations with management to understand how data will be formatted, in particular for receivables and payables.		
<b>PPE additions early testing</b>	In progress	We are still awaiting further information and testing will be completed at year end to confirm additions have been included in the fixed asset register and accounted for correctly.		
<b>PPE disposals early testing</b>	In progress	Testing will be completed at year end to confirm disposals have been removed from the fixed asset register and accounted for correctly.		
<b>Response to other planning inquiries</b>	IFRS 16- we have not received responses to our queries on the preparedness of the IFRS 16 impact disclosures.	We are unable to assess whether management's approach to identifying leases that will be impacted by the transition to IFRS 16 is appropriate, and therefore whether the required impact disclosures are correct.		
<b>Responses to preliminary analytical review queries</b>	In progress	We are awaiting some responses from management to explain year on year variances.		
<b>Review of internal audit</b>	Responses received	None identified at the time of writing this report.		

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