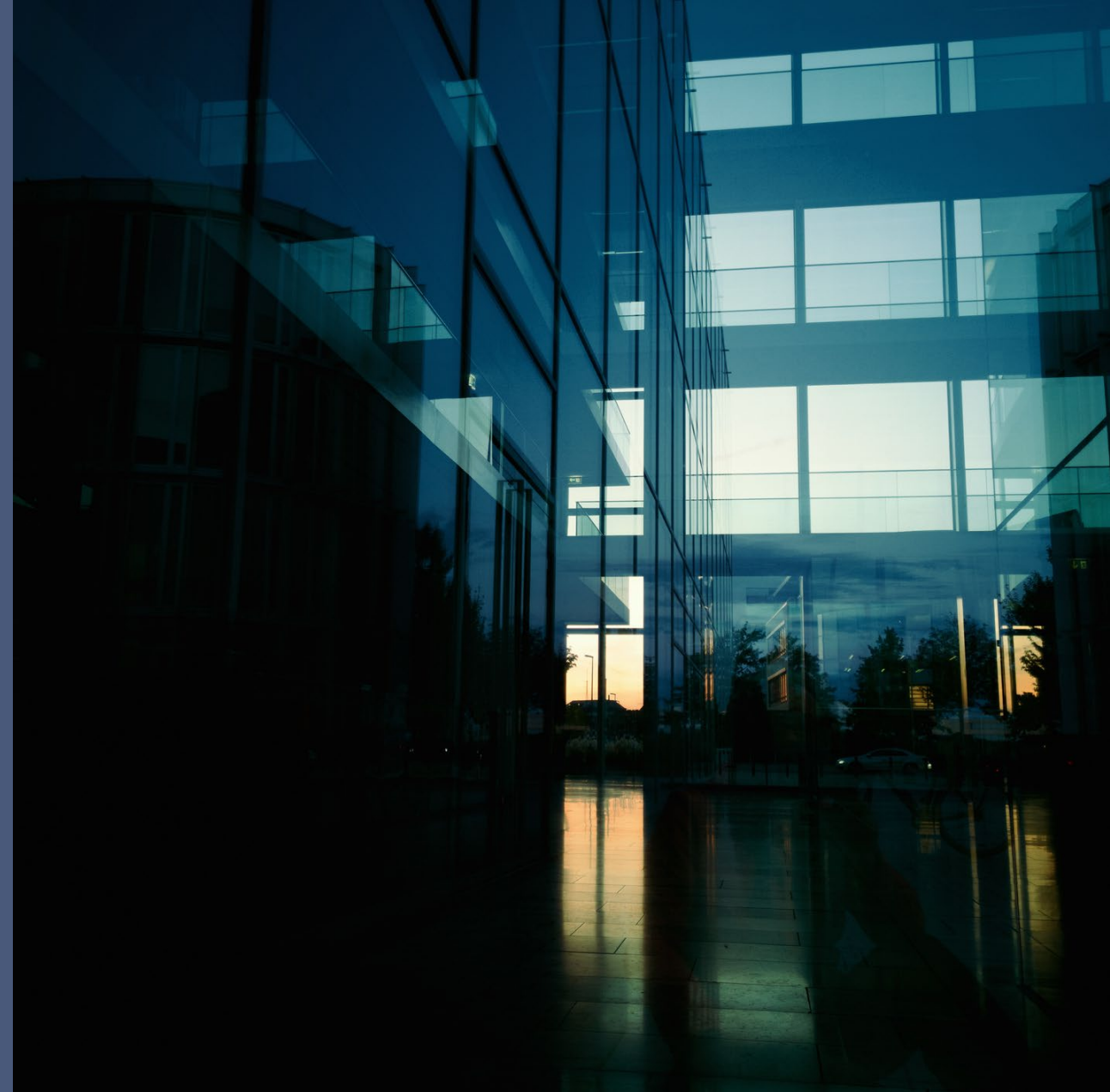


# Audit Progress Report

Broxtowe Borough Council – Year ended  
31 March 2022

September 2022



# Status of the audit

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

We recognise the significant workload of the finance team and ongoing challenges in financial planning management and reporting in the wider environment and this has caused some delays to the progress of the audit meaning we are not as progressed as we would like. We have discussed this with management and continue to have their full co-operation. The audit was again carried out remotely, we together with management are working closely to complete the remaining audit work, resolve audit queries and we are grateful for their co-operation and support.

## Significant audit risks

As part of our planning procedures, we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process, and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks.



No new risks have been identified since we issued our Audit Strategy Memorandum, with a reminder of those significant risks set out in the table below.


|   | Significant audit risks: description  | Fraud | Error | Judgement |
|---|---|-------|-------|-----------|
| 1 | <p><b>Management override of controls</b></p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>     | ●     | -     | -         |
| 2 | <p><b>Net defined benefit liability valuation</b></p> <p>The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits.</p> <p>Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>   | -     | ●     | ●         |
| 3 | <p><b>Valuation of land &amp; buildings, council dwellings, investment properties (where material) and assets held for sale (where material)</b></p> <p>The Council's accounts contain material balances and disclosures relating to its holding of council dwellings and land &amp; Buildings, with the majority required to be carried at valuation. The valuation of these assets is complex and is subject to a number of management assumptions and judgements.</p> <p>Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p> | -     | ●     | ●         |

# Status of the audit


Our work is in progress, and we will report detailed findings in our Audit Completion Report. At the date of writing the report, there are no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters including those detailed below.

Subject to the need to receive third party confirmations in our audit (pensions), we expect to be fully complete for the meeting of the Governance, Audit and Standards Committee scheduled for 28 November 2022.


| Audit area   | Status   | Description of the outstanding matters  |
|--|--|---|
| <b>Income - Including Grant income / Debtors</b>                     | <br>[Amber]   | Samples have been received from management, this will be reviewed by the audit team   |
| <b>Expenditure / Creditors</b>                                       | <br>[Amber]   | Samples have been received from management, this will be reviewed by the audit team   |
| <b>Property, Plant &amp; Equipment (including council dwellings)</b> | <br>[Amber]   | A few queries have been sent to management and the valuers. The audit team is currently awaiting management / valuers response and progress in this section is reliant on the responses received.   |
| <b>Journals</b>  | <br>[Green]   | A few queries have been raised with management upon review of initial evidence submitted, these remain outstanding.   |
| <b>Provisions / Contingencies</b>                                    | <br>[Green]   | A few queries have been raised with management upon review of initial evidence submitted, these remain outstanding.   |
| <b>Pensions</b>  | <br>[Red]     | Part of our assurance over the net pensions liability is derived from specified procedures commissioned from the external auditors of the Nottinghamshire Pension Fund. We are yet to receive their final report for our consideration and completion of the testing required.  |
| <b>Completion Procedures</b>   | <br>[Green] | This has not been started, this will be started once the audit work is largely  |
| <b>Audit Quality Control and Completion Procedures</b>               | <br>[Amber] | Upon completion of our audit work the audit file will undergo final stages of review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations. |
| <b>Whole of Government Accounts (WGA)</b>                            | <br>[Green] | NAO Group Instructions for local authority audits are not yet available and WGA returns and audit certificates cannot be issued at the present time.  |



[Red]  
Likely to result in material adjustment or significant change to disclosures within the financial statements.



[Amber]  
Potential to result in material adjustment or significant change to disclosures within the financial statements.



[Green]  
Not considered likely to result in material adjustment or change to disclosures within the financial statements.

# Status of the audit

## Internal controls

The purpose of our audit is to express an opinion on the financial statements. As part of our audit, we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

Based the audit work carried out this year, we have not identified any significant control deficiencies that we are required to report to you.

## Errors and misstatements

We are pleased to report that no material misstatements have been identified during our audit work to date.

A small number of disclosure amendments to the notes to the Statement of Accounts have been agreed with management to correct minor errors. None of these are significant and we are not required to highlight them in this report.

## Delay in the audit certificate

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts. We expect to issue the audit report but delay the issue of the Audit Certificate until the following procedures are complete:

- Value for Money - We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2022 and expect to report our findings in the Annual Auditors Report within 3 months of giving our audit opinion. At the time of preparing this report, we have not identified any significant

weaknesses in the Council's arrangements that require us to make a recommendation.

- Whole of Government Accounts - The NAO has not yet issued its Group Instructions for local authority audits.

We will update the Governance, Audit and Standards Committee when more information is known.

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