

Broxtowe Borough Council

External Audit Progress Report

18 March 2024



Audit Progress: Executive Summary

Purpose of this report

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). This report provides the March Governance, Audit and Standards Committee meeting with an update on progress in delivering our responsibilities as your external auditors as summarised below. It also includes, at Appendix A, a summary of recent national reports and publications for your information.

2021/22

Our audit of the 2021/22 financial statements is complete, with our audit report issued on 21 November 2023.

We also have completed our work on the Council's value for money arrangements, having issued the Auditor's Annual Report in February 2024. This will also be presented in this meeting.

We are unable to issue the audit certificate until the NAO issues its final instructions on sampled components with regard to the Whole of Government Accounts.

2022/23

Our audit of the 2022/23 financial statements is still ongoing. We have had significant delays however; the audit has resumed as at 18 March 2023, with the proposed completion of the audit work date being 28th March 2024, subject to the timely receipt of outstanding information. See status of audit in page 3 of this report.

Our work on the Council's value for money arrangements, including the commentary in the Auditor's Annual Report is in progress, with our report due 3 months after we sign the audit report.

We are unable to issue the audit certificate, until the certificate for 2021/22 is signed and the NAO issues final instructions regarding sampled components for the purposes of the Whole of Government Accounts.

2023/24








We have been communicating with management, however we have not started with our planning discussions, as we will do so once the audit for 2022/23 has been completed.

The Government, the National Audit Office, audit suppliers and regulators are working together to find a way to clear the backlog in 2023/24, which is the first year of a new external audit contract let by Public Sector Audit Appointments Limited.

We will update the Audit Committee as soon as a way forward is agreed with all stakeholders as all parties recognise that the current situation in the public sector external audit market is unsustainable.

Status of the audit

Our work is ongoing and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Property, Plant and Equipment	 [Red]	Numerous queries have been raised with the Council in relation to revaluations, additions and disposals of property, plant and equipment. We have received some responses of which the audit team is evaluating, some are outstanding.
Journals	 [Amber]	Evidence from the Council has been received, the audit team is in the process of evaluating the provided evidence.
Pensions	 [Amber]	We have received pension letter from the Pension Fund Auditors, this will be reviewed by the audit team.
Income, Expenditure, Debtors and Creditors	 [Amber]	Work has be started with queries raised to the Council, particularly around Grants. Responses have been subsequently received from the council and will be reviewed by the audit team.
HRA, Collection Fund, and Reserves	 [Green]	These sections have been started with a few queries raised with Council. This will be reviewed by the audit team when the audit resumes
Provisions and Contingencies	 [Green]	Supporting evidence has been subsequently been submitted by the Council. The audit team will review the evidence and the audit resumes.
Audit Quality Control and Completion Procedures	 [Green]	Our audit work is undergoing 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



[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.

Value for money arrangements

The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Matters under review

Throughout the year, we stay alert to any matters that may be relevant to our work, which at the point of drafting this report includes:

- The Council's financial position, including progress in delivering cost efficiencies and stay within budget.
- The development of the Council's budget for 2024/25 and its updated medium term financial strategy, including the extent of reliance on capital flexibilities to balance the budget.
- Reports from regulators.
- Any specific local issues .



Appendix A: Insights and publications

Public and Social Sector Insights

Click [here](https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights) to find and subscribe to our public and social sector articles (or copy and paste this link: <https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights>).



Beyond efficiency: what's left for local government?

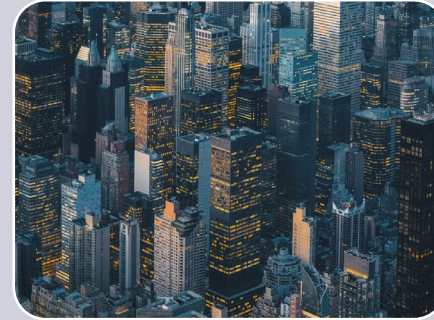
Today, the financial stability of local authorities is no longer guaranteed, placing public services and employment increasingly at risk. All of which means: it's time to take action.

Based on survey data, the 'Beyond efficiency report' looks to understand Councils' approaches to financial sustainability and risk



Supporting vulnerable communities

Against a backdrop of political uncertainty, unprecedented strike action and the prevailing cost of living crisis – itself a consequence of the conflict in Ukraine among other factors – many of the UK's most vulnerable communities are at risk of becoming more marginalised and face more hardship.



A global public and social sector study (2023)

The public and social sector is in a time of transformation. Expectations of organisations in the sector are higher than ever while financial constraints and regulatory burdens are increasing.

To understand some of the challenges leaders in this sector face and the steps they are taking to tackle them, we surveyed more than 100 public sector executives in five countries.



Why culture is critical to local government

The extent to which an organisation's culture supports the execution of its strategy, the management of risk and the treatment of its service users is increasingly under the spotlight, and weaknesses in culture are now frequently blamed for failings in these areas.

National publications

Publication / Update	Key points	Link
National Audit Office (NAO)		
NAO report – Government Resilience: Extreme Weather 5 December 2023	The NAO has published its report Government Resilience: Extreme Weather which examines how well-prepared the country is for future extreme weather events	Government resilience: extreme weather - NAO report
NAO Departmental overview: Department for Work and Pensions 2022-23 – 5 December 2023	The NAO has published its Departmental Overview of the Department for Work and Pensions (DWP) 2022-23. overview summarises information and insights gained from the NAO’s examinations of DWP and related bodies and DWP’s annual report and accounts.	Department for Work and Pensions 2022-23 - NAO overview
NAO insight: Good practice in annual reporting – 19 February 2024	The NAO has published a good practice guide on annual reporting which sets out principles of annual reporting that includes real-world examples of good practice for annual reporting from organisations from the public, private and charity sectors, who are leading the way.	Good practice in annual reporting - National Audit Office (NAO) insight
Whistleblowing in the civil service - 21 February 2024	The NAO has published a guide for people who deal with whistleblowers, investigate concerns or manage whistleblowing processes in government organisations.	Whistleblowing in the civil service - NAO insight
NAO good practice - Digital transformation in government: a guide for senior leaders and audit and risk committees 27 February 2024	The NAO has published a guide for senior leaders and audit and risk committees on Digital transformation in government. The guide can support those tasked with overseeing large-scale digital change to understand the core issues and pitfalls to avoid.	Digital transformation in government: a guide for senior leaders and audit and risk committees - NAO insight
Chartered Institute of Finance and Accountancy (CIPFA) and Department for Levelling Up, Housing and Communities (DLUHC)		
Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision - 21 December 2023	DLUHC is consulting on the statutory guidance and final form of the Minimum Revenue Provision Regulations. The deadline for responses was 16 February.	Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision - Department for Levelling Up, Housing and Communities - Citizen Space
Consultation on the Code of Practice on Local Authority Financial Reporting in the United Kingdom short term England-only measures to aid the recovery of local authority reporting and audit – 29 February 2024	CIPFA has launched its Invitation to Comment on short term proposals intended to help address the backlog of local authority audits. After considering a wide range of options CIPFA LASAAC decided to explore two approaches. These would affect the 2023/24 and 2024/25 Codes, by providing: > An option to simplify measurement of operational property plant and equipment using specified indexation, and > Reduced disclosures for pensions reporting, by aligning that reporting with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.	Consultation on short term England only measures in the Code CIPFA

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