

Blaby District Council Completion Report for Those Charged with Governance

Years ended 31 March 2021, 31
March 2022, 31 March 2023

Report issued - 15 November 2024





Audit and Corporate Governance Committee
Blaby District Council
Council Offices, Narborough,
Leicester LE19 2EP

15 November 2024

Dear Audit and Corporate Governance Committee

Blaby District Council - Completion Report for Those Charged With Governance - 2020/21, 2021/22 and 2022/23 financial years

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Audit and Corporate Governance Committee of Blaby District Council (the Council) with a detailed complete report covering our approach and outcomes of the 2020/21, 2021/22 and 2022/23 audits.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2021, 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for this audit year, we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. Against this backdrop, we have also considered the Committee's service expectations.

This report considers the impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The joint statement on the update to proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Audit and Corporate Governance Committee, as the Authority's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit.

We consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Audit and Corporate Governance Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw the Audit and Corporate Governance Committee members and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix A).

This report is intended solely for the information and use of the Audit and Governance Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

A handwritten signature in black ink that reads "Hayley Clark". The signature is written in a cursive, flowing style.

Hayley Clark

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psaa.co.UK/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Corporate Governance Committee and management of Blaby District Council. Our work has been undertaken so that we might state to the Audit and Corporate Governance Committee and management of Blaby District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Corporate Governance Committee and management of Blaby District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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Executive Summary



Executive Summary – System wide and local context

Context for the audit – Ministry of Housing, Communities and Local Government (MHCLG) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- ▶ Lack of capacity within the local authority financial accounting professions
- ▶ Increased complexity of reporting requirements within the sector
- ▶ Lack of capacity within audit firms with public sector experience
- ▶ Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed

MHCLG (previously the Department for Levelling Up, Housing and Communities (DLUHC)) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. Statutory Instrument (2024) No. 907 - “The Accounts and Audit (Amendment) Regulations 2024” (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, which have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The National Audit Office (NAO) has amended the Code of Audit Practice to:

- ▶ Require auditors to issue audit opinions according to statutory backstop dates for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
- ▶ Allow auditors to produce a single Value for Money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of Councils and residents.

As a result of the system wide implementation of backstop dates we anticipate issuing a disclaimed audit opinion on the Council’s 2020/21, 2021/22 and 2022/23 accounts. The proposed disclaimer of the Council’s 2020/21, 2021/22 and 2022/23 accounts impacts the audit procedures that we have planned and undertaken to gain assurance on the 2020/21, 2021/22 and 2022/23 financial statements and the form of the audit report.



Executive Summary - Local context

Local Background and Context

The position at this Council has developed over recent years resulting in unaudited financial statements for 31 March 2021, 31 March 2022 and 31 March 2023.

The main reasons for the Council's financial statements not being prepared, audited and signed to date include:

- ▶ The post pandemic timelines resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to complete the 2020/21, 2021/22 and 2022/23 audits.
- ▶ In addition, there were a number of new technical issues and challenges to address during this period, including taking into account the updated pension fund valuations.
- ▶ The Authority has been in a position to present draft statements of account for audit which have been within the regulatory timeframe. Whilst inspection periods have been run for each financial year from 2020/21 to 2022/23, for 2020/21 and 2021/22, the Council has had to re-run these from 1 November 2024 to 12 December 2024 as a result of the original periods not covering the full 30 working day requirement.
- ▶ The 2019/20 audit was completed, with our audit opinion signed on 27 August 2021. As a result, we were unable to schedule the 2020/21 audit in order to meet the reporting timeline of 30 September 2021. We commenced our audit for 2020/21 in Autumn 2021. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2020/21, 2021/22 or 2022/23 financial statements before the 13th December 2024 backstop date. Therefore, we are disclaiming our opinion on the financial statements.

As you will be aware, in October 2024 the Financial Reporting Council (the FRC) launched its Escalated Reporting Framework (ERF). The principal objective of the ERF is to identify issues that give rise to the risk of the local audit backlog recurring, and where possible mitigate that risk. This involves the FRC's Local Audit team gathering intelligence from audit firm updates to assess system risks and convene system partners on appropriate mitigations. The ERF places a requirement on audit firms to provide an early warning of matters which may impact on the achievement of the Government's backstop date of 13 December 2024. Audit firms are required to notify audited bodies that an issue will be reported to the FRC, apart from in exceptional circumstances where this may not be appropriate - for instance where a matter may compromise the audit firm's independence and objectivity.

In accordance with the requirements of the FRC's ERF and given that the inspection period for the 2020/21 and 2021/22 Statement of Accounts runs to 4pm on 12 December 2024, there is a risk that the Council will not meet the backstop date of 13 December 2024. We have alerted the FRC to this matter



Executive Summary – Report structure and work completed

Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 - Executive Summary - this section setting out the national and local context and the structure of our report.

Section 2 - Work Plan - We have completed the following planning tasks:

- ▶ Required independence procedures.
- ▶ Set a level of materiality.
- ▶ Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- ▶ Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meeting,
- ▶ Identified significant, inherent and other areas of higher risk or focus.
- ▶ Considered any other matters that may require reporting to regulators or which may result in a modification to the audit report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 3 - Results and findings - Work completed to issue the disclaimer, findings and results:

- ▶ Review of the financial statements.
- ▶ Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, which we report as appropriate.
- ▶ Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 4 - Value for money reporting

- ▶ The value for money report covering the years to 31 March 2021, 31 March 2022 and 31 March 2023.

Section 5 - Appendices



02

Work Plan



Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2021, 31 March 2022 and 31 March 2023 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 4.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2021, 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

Work Plan - Materiality

Materiality

Planning materiality

£0.78m

Materiality for y/e 31 March 2021 has been set at £0.78m, which represents 2% of 2021 gross expenditure on provision of services.

£0.85m

Materiality for y/e 31 March 2022 has been set at £0.85m, which represents 2% of 2022 gross expenditure on provision of services.

£0.84m

Materiality for y/e 31 March 2023 has been set at £0.84m, which represents 2% of 2023 gross expenditure on provision of services.

Performance materiality

£0.59m

Performance materiality for y/e 31 March 2021 has been set at £0.59m, which represents 75% of planning materiality.

£0.63m

Performance materiality for y/e 31 March 2022 has been set at £0.63m, which represents 75% of planning materiality.

£0.63m

Performance materiality for y/e 31 March 2023 has been set at £0.63m, which represents 75% of planning materiality.

Audit differences

£0.04m

We will report all uncorrected misstatements relating to the primary statements greater than £0.04m for y/e 31 March 2021; £0.04m for y/e 31 March 2022; £0.04m for y/e 31 March 2023. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Corporate Governance Committee.

£0.04m

£0.04m

In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the published draft financial statements for 2020/21, 2021/22 and 2022/23. We determined that our audit procedures would be performed using a materiality set above. This level of materiality remains appropriate for the actual financial year.

These levels are being used to assess our response to any issues identified in the Council's financial statements.

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Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the 31 March 2021, 31 March 2022 and 31 March 2023.

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Misstatement due to fraud or error	All years covered by this report	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue recognition: Cut-off of other income	All years covered by this report	Fraud Risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure. Our risk is focused on cut off, where income is recorded in the incorrect accounting period.
Risk of fraud in revenue recognition: Incorrect recognition of Covid-19 Grants	2020/21 and 2021/22	Fraud Risk	Change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure. Our risk is focused on the recognition and treatment of additional grants received in year for Covid-19. The Council has received a number of grants in 2020/21 as a result of the pandemic and there is a risk that the accounting treatment of these grants will not appropriately reflect the underlying terms and conditions of the grant agreement.
Valuation of PPE (Land and Building)	All years covered by this report	Significant Risk	Change in risk or focus	Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. We have identified an additional risk factor with respect to PPE valuation due to lack of correspondence and difficulty in obtaining relevant data from the PPE valuers by the Council resulting in an increase in the risk assessment of PPE valuations from higher inherent risk to a significant risk.

Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the 31 March 2021, 31 March 2022 and 31 March 2023.

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Risk of fraud in expenditure recognition: Overstatement of expenditure	All years covered by this report	Fraud Risk	No change in risk or focus	Our risk is focused on Overstatement of expenditure to manage the financial position year on year.
Understatement of bad debt provision	2020/21	Inherent Risk / Higher risk estimate	Change in risk or focus	No specialist was involved by the auditors to obtain assurance over the estimate as it is not too complex for audit to complete. Management did not utilize a specialist to assist them in calculating the provision and the calculations were performed internally by the finance team. We have assessed the point estimates made by management including their methodology and assumptions and challenged these by determining subsequent data and whether a different method exists or whether the assumptions were valid.
Valuation of NNDR appeals provision	All years covered by this report	Inherent Risk / Higher risk estimate	No change in risk or focus	No specialist was involved by the auditors to obtain assurance over the estimate as it is not too complex for audit team to complete. Management utilized a specialist to assist them in calculating the provision, which is used a numerous Councils. We have assessed the point estimates made by the expert including their methodology and assumptions.
Accounting for pension liability	All years covered by this report	Inherent Risk / Higher risk estimate	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council / Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>We have challenged the management on any areas of which we were unsure or need further clarification.</p>

Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Work Plan - Independence

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Hayley Clark, your audit engagement partner and the audit engagement team have not been compromised.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES). None of the services are prohibited under the FRC's ES. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary, agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 0:1 (see table below). We have adopted the following safeguards as a result. A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

The table below sets out the other self-interest threats that exist as the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. The table below sets out the self-review threats that exist as the date of this report

Description of relationship or service	Related independence threat	Period provided/duration	Safeguards adopted and reasons considered to be effective
Housing Benefit (Subsidy) Assurance Process (HBAP)	<ul style="list-style-type: none">Self-reviewSelf interest	2020/21 2021/22 2022/23	<ul style="list-style-type: none">Self-review threat: Safeguard: The specific testing of individual benefit claims and associated subsidy calculations undertaken in respect of this AUP engagement is distinct and separate to any work we have or will undertake on the financial statements of the Authority. The results of the AUP testing is not reflected in the amounts included/disclosed in the financial statements. In respect of the checking of benefit system parameters, this work is common across our external audit procedures and this AUP engagement. Where the AUP engagement is conducted ahead of our external audit, it remains the responsibility of the external audit team to satisfy themselves that the parameters work has been appropriately performed, should they wish to use it for the purposes of the audit. Therefore, the external audit conclusion is not reliant upon the conclusion of our AUP engagement. No advice will be given in relation to accounting treatment. The report provided will be prepared or given solely for the purposes of the agreed upon procedures and will not be used or relied upon for any other purposes.Self-interest threat: Safeguard: The NAO's AGN01 excludes HBAP from the PSAA and ethical standards fee caps because this service is required by the awarding central government department. In addition, the fees for this work are relatively limited.



Work Plan - Independence

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2024: [EY UK 2024 Transparency Report | EY - UK](#)



03 Results and findings



Results and findings

Status of the audit

Our audit work in respect of the Council opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Completion of subsequent events procedures;
- ▶ Receipt of approved and signed financial statements, annual governance statement and management representation letter.

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is included later in this section.

Value for Money

Our value for money (VFM) work is complete and reported in Section 4 of this report. We had identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 4 of the report for further details.

Audit differences

In relation to our 2020/21 audit, we reported a number of audit differences (both adjusted and unadjusted) in our draft audit results report presented to the Audit and Corporate Governance Committee on 12 October 2022. This reported our findings at a point in time, however, these were all subject to review. As a result we cannot confirm if the findings reported in October 2022 are complete.

In relation to the 2021/22 and 2022/23 audits we have not identified any audit differences, either adjusted or unadjusted to bring to your attention.

For 2020/21, 2021/22 and 2022/23 we have noted that some of the comparative figures do not agree to the prior year signed financial statements. The Council should ensure that in approving the Statement of Accounts, all prior year comparative figures agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 officer. The Council should also ensure that casting and internal consistency checks have been performed and the financial statements are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for 2021/22 and 2022/23, including all disclosure requirements.

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

The Comptroller and Auditor General has confirmed that he plans to issue his opinion and certificate on the 2022-23 Whole of Government Accounts on 22 November 2024. We therefore expect to be able to certify completion of the audit as part of our final 2020/21, 2021/22 and 2022/23 audit reports.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.



Results and findings

Areas of audit focus

Section 2 of this report includes the areas of audit focus for our audits of the 2020/21, 2021/22 and 2022/23 financial statements. In relation to 2020/21 we presented a separate Audit Plan to the Audit and Corporate Governance Committee on 12 October 2021. We concluded we would disclaim the audits and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete. The status of our 2020/21 audit, including and audit findings to that point were reported to the Audit and Corporate Governance Committee in October 2022. No detailed testing has been undertaken in relation to 2021/22 or 2022/23 but instead have reported any matters that came to light from the work we did complete. We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Corporate Governance Committee or full Council.

Control observations

During the 2020/21 audit we identified observations and improvement recommendations in relation to management's financial processes and controls. We first reported these in our draft audit results report to the Audit and Corporate Governance Committee in October 2022. As we have not been able to conclude our 2020/21 audit, we cannot confirm that these are complete.

Independence

Further to our review of independence in section 2 of this report we have not identified any issues to bring to your attention..

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits

We have no other matters to report.

Results and findings – Draft Audit Report

Draft audit report

Our draft opinion on the financial statements – 2020/21

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLABY DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of Blaby District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2021. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 38 including a summary of significant accounting policies,
- Collection Fund and the related notes 1 to 5.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907), which came into force on 30 September 2024, requires the accountability statements for this financial year to be approved not later than 13th December 2024.

This requirement meant that we were unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion as we had insufficient resources in the time available to perform all necessary procedures to support the local government audit reset.

We commenced our audit for 2020/21 in Autumn 2021. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit

procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2020/21, 2021/22 or 2022/23 financial statements before the 13 December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014
- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

Responsibility of the Strategic Director (Section 151)

As explained more fully in the Statement of the Strategic Director (Section 151) s Responsibilities set out on page 29, the Strategic Director (Section 151) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2020/21

- by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Strategic Director (Section 151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic Director (Section 151) is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in April 2021, as to whether Blaby District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Blaby District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Blaby District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Blaby District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Blaby District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2021/22

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLABY DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of Blaby District Council ('the Council') for the year ended 31 March 2022. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 38 including a summary of significant accounting policies,
- Collection Fund and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The audit of the 2020/21 financial statements for Blaby District Council was not completed for the reasons set out in our opinion on those financial statements dated xxxx. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2021/22 financial statements before the 13th December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the **Council** has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Strategic Director (Section 151)

As explained more fully in the Statement of the Strategic Director (Section 151)'s Responsibilities set out on page 44, the Strategic Director (Section 151) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Strategic Director (Section 151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2021/22

In preparing the financial statements, the Strategic Director (Section 151) is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Blaby District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Blaby District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Blaby District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Blaby District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Blaby District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2022/23

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLABY DISTRICT COUNCIL

Disclaimer of opinion

We were engaged to audit the financial statements of Blaby District Council ('the Council') for the year ended 31 March 2023. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 38 including a summary of significant accounting policies,
- Collection Fund and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The audit of the 2021/22 financial statements for Blaby District Council was not completed for the reasons set out in our opinion on those financial statements dated xxxx. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements before the 13th December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
 - we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

Responsibility of the Strategic Director (Section 151)

As explained more fully in the Statement of the Statement of the Strategic Director (Section 151)'s Responsibilities set out on page 46, the Statement of the Strategic Director (Section 151) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Statement of the Strategic Director (Section 151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2022/23

In preparing the financial statements, the Statement of the Strategic Director (Section 151) is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in January 2023, as to whether Blaby District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Blaby District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Blaby District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Blaby District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Blaby District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.



04 Value for Money



VFM - Executive Summary

Purpose

Auditors are required to be satisfied that Blaby District Council have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements published as part of the Auditor's Annual Report to comply with the requirements of the 2020 Code of Audit Practice (updated for 2024) and Auditor Guidance Note 3 (AGN 03). For 2020/21, 2021/22 and 2022/23, the annual commentary is included in this report.

The 2024 Code has reduced the scope of the VFM reporting up to and including the 2022/23 financial year. However, in the February 2024 consultation on the new Code, the NAO stated that where auditors have begun or already undertaken work that no longer falls under the reduced scope, they may still report on it in accordance with paragraph 13 of Schedule 3 of the 2024 Code. EY are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of committee reports;
- meetings with officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with management and the finance team.

In our 2020/21 Audit Planning Report, dated 30 September 2021, we reported that we had not yet completed our value for money risk assessment procedures, but that we had identified a potential value for money risk in relation to the Council's financial resilience. Following completion of our risk identification procedures we determined that there was not a risk of significant weakness in this area. No risks of significant weaknesses were identified for 2021/22 and 2022/23.

Reporting

Our interim commentary for 2020/21, 2021/22 and 2022/23 is set out on the following pages and summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2020/21, 2021/22 and 2022/23. We include within the VFM commentary below the associated recommendations we have agreed with the Council.

Appendix F includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, we have concluded that there is a significant weakness in the body's arrangements.

VFM - Executive Summary (continued)

Reporting (cont'd)

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
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	No significant risks identified	No significant weakness identified

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements, and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment did not identify any risks of significant weaknesses in arrangements to secure financial sustainability.

Blaby District Council (BDC) maintains a financial management strategy that encapsulates aspects of budgeting, risk management, and long-term financial planning to enhance Value for Money (VFM) for ratepayers.

The Medium-Term Financial Strategy (MTFS) serves as the roadmap for the council's financial planning, incorporating the Revenue Budget, the General Fund Budget, and the Capital Programme. This strategy is updated annually taking into consideration the changing financial landscape, funding uncertainties and external factors that might affect the council's operations. The council's approach to achieving this has been through stringent budget monitoring, forecasting and by taking a prudent approach to risk management. In addition to this, the introduction of Transformational initiatives, Gap Closing initiatives, and Prioritisation and Rationalization schemes under the MTFS plays a vital role in reducing the funding gap.

Due to the lack of certainty over the future of local government funding, the MTFS was not updated at the time of setting the 2021/22 budget. The Council approved an updated MTFS as part of the 2022/23 budget setting process in February 2022. The 2023/24 MTFS identifies a funding gap of £0.166 million for 2023/24 and £1.097 million for 2024/25. There are larger funding gaps from 2025/26, mainly due to the uncertainty over future funding and the Council's prudent approach to budgeting. We recommend that the Council continues planning to close future financial budget gaps.

In 2022/23, the Council displayed financial resilience by generating a £0.020 million surplus in comparison to a projected deficit, an aspect attributed to efficient financial planning and management. One key strategy adopted to achieve revenue savings involved using internal balances and reserves on a temporary basis to fund capital expenditure, bringing an innovative approach to financial resource allocation. Quarterly reviews of financial risks, led to the Council making informed decisions and taking appropriate measures to control risks.

For the period 2024-2028, the Council further presents a District Plan that underscores its strategic move towards sustainable service delivery, maximising income, and seeking innovative methods of reducing costs to give the best value to the residents. Furthermore, every financial decision and strategy is made with a strong commitment to align with the council's constitution and its corporate, financial and people strategy.

The focus on monitoring actual expenditure against budget allocations and seeking remedial action to bridge gaps will continue to remain important for the Council to maintain financial sustainability in the future and in uncertain times. The use of the Financial Resilience Benchmarking Service confirms its commitment to compare and maintain its financial position against similar local authorities, ensuring optimal value for money for the residents.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment did not identify any risks of significant weaknesses in arrangements in governance.

The Council has a Risk Management Policy and Strategy in place to ensure the management of risk, is embedded within the organisation at both the strategic and operational level with both Members and senior officers having specific roles and responsibilities identified. The Audit and Corporate Governance Committee plays an important role in the management of risk in considering the effectiveness of the authority's risk management arrangements and control environment and reviewing the risk profile of the organisation and assurances that action is being taken. The Committee receives quarterly reports highlighting the latest position and any significant changes in relation to corporate risks.

Cabinet agree the budget setting process timetable which is then adhered to by the Finance team. Budget proposals are reviewed by the Scrutiny Committee in January before recommendation to Cabinet/Council in February. Regular consultation with SLT and Cabinet is performed throughout the process.

The Council's Annual Governance Statement (AGS) sets out a number of ways the Council is able to gain assurance over the effective operation of governance framework and system of internal controls. These include a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE: Delivering Good Governance in Local Government, as well as the work of internal and external audit and other inspection bodies completed during the year.

Internal Audit is provided under a Shared Service Agreement with Northwest Leicestershire District Council and Charnwood which provides independent assurance that the system is working effectively and draw any deficiencies in the system. A risk based internal audit plan is presented and approved annually by the Audit and Corporate Governance Committee. The Internal Audit Annual Reports for 2020/21, 2021/22 and 2022/23 have concluded reasonable assurance on the overall control environment.

The Council published the draft 2020/21, 2021/22 and 2022/23 Statement of Accounts in line with the Audit and Accounts Regulations.

Overall, the Council places strong emphasis on maintaining a robust governance framework, rigorous risk management strategies, and disciplined financial control to deliver maximum value for money to our constituents.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

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

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment did not identify any risks of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

The Council's vision is set out in the Blaby District Plan which was developed with officers, Members and stakeholders in the district. The latest Plan covers the period 2024-2028 and sets out the vision, values and priorities for the District. The Council's priorities are grouped under the three key themes based on the District being "a great place to live, work and visit". The Plan comprises elements of the Council's Corporate Plan, Medium-Term Financial Strategy (MTFS) and the People Strategy.

The Council carried out a review of compliance with the Financial Management Code in advance of 2022/23. It was considered by the Audit and Corporate Governance Committee in July 2021 and the action plan arising from the review approved by Cabinet Executive in September. Whilst the Authority was found to be compliant with many aspects of the FM Code, there were a number of areas that were partially compliant. An action plan was developed, and all areas addressed to ensure compliance.

The Council invited the LGA to carry out a Finance Health Check which gave a view of the robustness of the Council's financial arrangements. The report received concluded that the Council is well managed financially and has consistently spent within its budget. The report provided three recommendations all of which have been incorporated into the Council's financial considerations on an ongoing basis.

A Corporate Peer Challenge (Peer Review) was performed in March 2022, which gave a positive review that "Blaby District Council (BDC) is a well-run local authority; it has a sound financial position, strong leadership, particularly through its Leader and Chief Executive, and committed staff. There is real ownership by members and officers, and everyone wants to do their best for Blaby as a council, place and for its communities." The final report was reported to Council in July 2022 alongside an action plan that has been put in place to address recommendations made for improvement. In December 2022 the LGA Peer Challenge team returned to the Council to assess progress and confirmed that "Blaby DC is clearly committed to addressing all the CPC's recommendations and has made excellent progress in doing so."

The Council has shown to value partnerships greatly, and believe they contribute significantly to service delivery. Interaction with local public bodies, community groups, and voluntary groups helps understand how we can enhance services. The Corporate Peer Challenge progress review in December 2022 commented that there is good evidence of the council's continuing positive relationships with Leicestershire DCs, East Midlands Councils and others.

In conclusion, Blaby District Council takes a disciplined, inclusive, and transparent approach to maximise the value for money Council offers to our constituents. Council strategies and operations are rigorously assessed and continually improved, ensuring that they are consistently deliver high-quality services and maintain financial resilience.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



05 Appendices

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

This letter of representations is provided in connection with your audit of the [consolidated and parent] Authority financial statements of [name of entity] ("the [Group and] authority") for the year ended [balance sheet date]. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or 'present fairly, in all material respects,') the [Group and] authority financial position of [name of entity] as of [balance sheet date] and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the [Group and] the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our [consolidated and parent] Authority financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist. Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the [Group and the parent] Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the [Group and] authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the [consolidated and parent] Authority financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the [Group and parent] Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the [Group and] authority financial statements are appropriately described in the [Group and] authority financial statements.
4. As members of management of the [Group and] authority, we believe that the [Group and] authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [applicable financial reporting framework] for the Group and [applicable financial reporting framework] for the Authority that are free from material misstatement, whether due to fraud or error.

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5. *[When there are unadjusted audit differences in the current year]* We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because *[specify reasons for not correcting misstatement]*.
6. *[When the comparative figures have been restated]* The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. *[Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.]* There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended *[date]* are solely the result of reclassifications for comparative purposes.
7. We confirm the *[Group and]* authority does not have securities (debt or equity) listed on a recognized exchange.
8. We have confirmed to you any changes in service organizations within the *[Group and]* authority since the last audited financial year.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the *[Group and]* authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the *[consolidated and parent]* Authority financial statements may be materially misstated as a result of fraud.
4. *[When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws and regulations.]* We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with laws and regulations, including fraud, known to us that may have affected the *[Group or]* Authority (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the *[consolidated and parent]* Authority financial statements
 - Related to laws or regulations that have an indirect effect on amounts and disclosures in the *[consolidated and parent]* Authority financial statements, but compliance with which may be fundamental to the operations of the *[Group and]* authority's business, its ability to continue in business, or to avoid material penalties

Appendix A – Management representation letter

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- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the [consolidated and parent] Authority financial statements.

3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the [Group and] authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the [consolidated and parent] Authority financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with [applicable financial reporting framework].
6. We have disclosed to you, and the [Group and] authority has complied with, all aspects of contractual agreements that could have a material effect on the [consolidated and parent] Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the [consolidated and parent] Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Appendix A – Management representation letter

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8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the [consolidated and parent] Authority financial statements, including disclosures.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the [consolidated and parent] Authority financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note [X] to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than the events described in Note [X] to the [consolidated and parent] Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent Authority, subsidiary undertakings and associated undertakings.

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information contained within the Narrative Statement and also the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and the [Group and] authority have reflected these in the consolidated and parent financial statements.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chairman of the Audit and Corporate Governance Committee)

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

The original fees for these years were based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	Current Year - 2022/23	Prior Year - 2021/22	Prior Year - 2020/21
	£	£	£
Scale fee - Code work	38,293	36,400	36,400
Determined scale fee variation	TBC - see note 1	TBC - see note 1	TBC - see note 1
Total audit	TBC	TBC	TBC
Other non-audit services not covered above (Housing benefits)	TBC	17,600 - see note 2	13,500
Total other non-audit services	TBC	TBC	13,500
Total fees	TBC	TBC	TBC

All fees exclude VAT

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2020/21, 2021/22 and 2022/23.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Note 2 - The fee payable for the housing benefit non-audit services is estimated as work remains in progress. Final fees will be discussed and agreed with management.

Appendix C – Required communications with the Audit and Corporate Governance Committee

We have detailed the communications that we must provide to the Audit and Corporate Governance Committee .

Our Reporting to you		
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit and Corporate Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	This Completion report for Those Charged with Governance
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit and Corporate Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	This Completion report for Those Charged with Governance
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	This Completion report for Those Charged with Governance
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit and Corporate Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit and Corporate Governance Committee responsibility 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit and Corporate Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	This Completion report for Those Charged with Governance
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	This Completion report for Those Charged with Governance
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	This Completion report for Those Charged with Governance
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit and Corporate Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Corporate Governance Committee may be aware of 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit and Corporate Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Internal controls	<ul style="list-style-type: none"> ► Significant deficiencies in internal controls identified during the audit 	This Completion report for Those Charged with Governance
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	<ul style="list-style-type: none"> ► Key audit matters that we will include in our auditor's report ► Any circumstances identified that affect the form and content of our auditor's report 	This Completion report for Those Charged with Governance

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics](#) (IESBA Code) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Appendix E – VFM - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21, 2021/22 to 2022/23.

Reporting criteria considerations

Arrangements in place

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

As part of its financial planning, the Council prepares the Medium Term Financial Strategy (MTFS) incorporating the Revenue Budget, the General Fund Budget, and the Capital Programme. The Section 151 Officer is responsible for ensuring that the General Fund budget is prepared on an annual basis together with the MTFS. In its budget preparation, a guideline is issued to Group Managers and Strategic Managers following agreement from the Cabinet Executive which will consider various items, including the spending pressures. Examples of which include reductions in the Government Grant Settlement over and above that which had been built into the MTFS, withdrawal of external funding and Change to the Business Rate Retention Scheme and the Fair Funding Review. These led to the Council taking a prudent approach in forecasting its core grant funding for the MTFS and have modelled scenarios based on information currently available, base budget has only incorporated external funding that has been confirmed by external partners and consultation papers are released to officers to attempt to understand how the changes may impact the Council.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council has prepared a Blaby District Plan which encompasses plans for different categories for a particular period. The latest plan considers the period 2024-2028. These categories include the Council's financial plan, which is mostly laid out in the MTFS as discussed above. Through the MTFS, there is continuous monitoring and managing of income and expenditure, delivering of sustainable services and placing Blaby District Council in the best financial position possible. This is done by seeking new, innovative ways of maximising income or reducing costs in order to support service delivery. The Plan attempts to balance charging for services against keeping the customer at the heart of everything they do, actively considering opportunities to work with partners to deliver effective, efficient, services that provide best value for the residents and maximising the use of assets.

At the Council's request the LGA performed a Corporate Peer Challenge review in March 2022. The feedback reported that the Council had delivered significant achievements, which aligned with the priorities in Blaby DC's corporate plan. These achievements include community services' individual, timely support to the district's most vulnerable residents to ensure their health, wellbeing and safety. This support has been informed by services' good understanding of their local residents and how they should best respond to their needs, for example through their joint Lightbulb home improvement and Hospital Housing Enablement Teams with other Leicestershire councils and health partners.

Appendix E - VFM - Summary of arrangements (continued)

Financial Sustainability (continued)

Reporting criteria considerations

How the body plans to bridge its funding gaps and identifies achievable savings

Arrangements in place

The main considerations for the Council when drafting the annual MTFS is the degree of certainty to funding with the Fair Funding Review and the reset of Business Rates baseline, which are two of the main sources of revenue for the Council. In the preparation of the MTFS, the Council performs sensitivity analysis where an assumption is built in an anticipation that the government will introduce some form of "damping mechanism" to address the impact of the reduced funding. This helped in adjusting the initially identified funding gap.

The 2022/23 outturn position, presented to Cabinet in July 2023, showed a positive outturn with £0.020 million surplus in comparison to the forecast funding gap of £0.398 million.

As part of its strategy to achieve a balanced revenue position, the Council has made the decision to use internal balances and reserves to fund expenditure on a temporary basis. To achieve the 2022/23 outturn position the Council had to contribute £0.653 million from reserves.

The 2023/24 MTFS identifies a funding gap of £0.166 million for 2023/24 and £1.097 million for 2024/25. There are larger funding gaps from 2025/26, mainly due to the uncertainty over future funding and the Council's prudent approach to budgeting.

To address the longer-term budget gaps, the council has formed a transformation strategy team to develop a plan that can help address these challenges. The Council has introduced saving schemes in the form of transformational initiatives, closing gap initiatives and prioritisation and rationalisation schemes that will be reducing the gap over the period of MTFS till 2028/2029. There are also one-off savings that helped achieved a better financial performance such as staffing vacancies and impact of home working. Overall, investments have been made in resources to drive the transformation agenda and the newly adopted transformation strategy "Transforming Blaby Together" includes the Council commitment to embrace new technology, deliver affordable and efficient services in addition to embracing business-like thinking to seek new and innovative ways of maximising income. It is through these initiatives and investment in ICT that plans have been made to close the future gaps.

Recommendation: That the Council continues planning to close future financial budget gaps identified in the MTFS.

Appendix E - VFM - Summary of arrangements (continued)

Financial Sustainability (continued)

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>The Blaby District Plan incorporates the Council's Corporate Plan, Medium Term Financial Strategy and People Strategy. This means that this plan is prepared having regard to the policy framework set out in the Council's constitution. In preparing the budget and MTFS, these further incorporate the Capital Strategy and Capital Programme. The Section 151 Officer is responsible for ensuring that the General Fund budget is prepared on an annual basis together with a medium-term budget strategy for consideration by the Cabinet Executive, before submission to the full Council. To ensure that budget estimates reflected the agreed services plans and are prepared in line with the overall guidance issued by the Cabinet Executive, the Group Managers and Strategic Managers are given the full responsibility. There is also consultation with SLT and Members, with reference to Blaby District Plan priorities and alignment with budget setting process/MTFS.</p>
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The budget and MTFS is based on estimates which have been prepared on prudent assumptions, these changes in demand and challenges to assumptions are regularly monitored and updated through the regular review of financial performance. The Section 151 Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. Actual expenditure and income are monitored against budget allocations and is reported to the Cabinet Executive on the overall position on a regular basis.</p> <p>Every quarter, there is a report presented to the Members in a Cabinet Executive meeting to provide an overview of the financial performance against the budget. Any material budget variances are reviewed in detail and reported through this robust governance framework, with appropriate action taken to understand the implications of variances and to take corrective action where necessary to manage the financial impact to the organisations as part of this good financial management and control. The Council has also subscribed to a Financial Resilience Benchmarking Service to enable it to monitor and compare its financial position and resilience with other similar local authorities.</p> <p>At the end of 2022/23 the Council was in a relatively sound financial position, having sufficient reserves and balances to provide financial resilience in the short term. The Council have formed plans to make address financial resilience over the long-term by introducing the transformational strategy. Through this, the arrangements are applied to reduce the funding gap and make the Council financial sustainable.</p> <p>As at 31 March 2023, the Council has sufficient reserves available along with strong cash and cash equivalent position. The unaudited 2022/23 statement of accounts show that the Council had £25.829 million of cash and cash equivalents and short-term investments. External borrowing of £6.409 million is within the operational boundary of £20.700 million. The general fund and earmarked reserves balance was £15.839 million.</p>

Appendix E - VFM - Summary of arrangements (continued)

Governance

We set out below the arrangements for the governance criteria covering the years 2020/21, 2021/22 to 2022/23.

Reporting criteria considerations

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Arrangements in place

The Council has a Risk Management Strategy which sets out roles and responsibilities for managing risk and defines how risk should be consistently managed, recorded and assessed throughout the Council. Corporate risks are owned and monitored by the Corporate Risk Group, which consists of the Chief Executive and Strategic Directors. The risks and associated control measures are maintained on Iplan Software package and are subject to quarterly review by the Corporate Risk Group. Audit and Corporate Governance Committee receive quarterly reports in respect of the Council's corporate risks, in which details of any new, changing, or deleted risks will be included.

The Council has an Independent Internal Audit function provided in accordance with the statutory responsibility under Section 151 and is managed on a day-to-day basis by the Audit Manager who reports to the Strategic Director. The Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls and governance as a contribution to the proper, economic and effective use of resources. The Audit Plan is approved by the Audit and Corporate Governance Committee on annual basis and progress and key issues arising are subsequently reported to the Committee quarterly. The 2022/23 Internal Audit Annual Report concluded **reasonable assurance** on the overall control environment, demonstrating that there is a generally sound system of governance, risk management and control in place. There were two Internal Audit reports concluding with limited assurance in 2022/2023:

1. Corporate Policy Management: The main areas identified for improvement were around the corporate policy review and publication processes, in particular the updating of HR policies and officer acceptance of these policies.
2. Environmental Health - Houses in Multiple Occupation: The main areas identified for improvement were around the retention of key documents and the supervisory checking process. It is noted that these were addressed immediately, and recommendations have been fully implemented.

The Council is required to review its governance arrangements on an annual basis, along with its arrangements for achieving economy, efficiency and effectiveness, and ensuring it is identifying and managing risk effectively. The annual review has been undertaken and the outcome of that review is reported in the annual governance statement (AGS) which is published as part of the statement of accounts.

The Council has an Anti-Fraud & Corruption Policy and a designated officer to help prevent and detect fraud.

Appendix E - VFM - Summary of arrangements (continued)

Governance (continued)

Reporting criteria considerations

How the body approaches and carries out its annual budget setting process

Arrangements in place

As set out in the Council's Constitution, the Council will be responsible for the adoption of its budget and policy framework. Once a budget or a policy framework is in place, it will be the responsibility of the Cabinet Executive to implement it.

The Cabinet agree timetable for the budget setting process which is set by Finance team. Review of individual portfolio budgets is undertaken by Business Accountants and Budget Managers. The Council carries a review of budgets in line with previous year spend and current year budget. Budget proposals are reviewed by the Scrutiny Committee in January before recommendation to Cabinet/Council in February. Regular consultation with SLT and Cabinet is performed throughout the process.

Before the MTFS is presented to Cabinet the draft portfolio budget proposals and the budget overview are scrutinised by the Scrutiny of the Administration's Budget Proposals committee in January. This committee meet weekly during January until proposed recommendations are finalised. The Scrutiny Commission committee then receive and review the Scrutiny of the Administration's Budget Proposals in early February. Cabinet receive the draft budget and MTFS following review from the two scrutiny committees before the end of February.

The LGA Corporate Peer Challenge review in March 2022 commented that the council has a robust and trusted financial function, and the finance team are highly respected by members and officers. Particular examples of good work included that on the budget including pre-scrutiny work and the right level of detail, which helped gain members' trust and confidence in the finance function. There is good understanding and management of the Council's finances. The Council has robust budget setting and monitoring procedures and has consistently spent within its budget.

Appendix E - VFM - Summary of arrangements (continued)

Governance (continued)

Reporting criteria considerations

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Arrangements in place

This is manifested by the contents of the Financial Regulations. The Financial Regulations provide the framework for managing the Council's financial affairs. This identifies the financial responsibilities of the full Council, the Cabinet Executive, the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer and other Officers. It sets out the sound systems and procedures that are essential to an effective framework of accountability and control on financial regulation.

In October 2021 the Council had a Financial Health Check report performed by the Local Government Association. The report concluded that the Council has robust budget setting and budget monitoring procedures. In relation to budget management the report reflected that the Council's budget monitoring is mature and based on an analysis of service expenditure with a focus on the establishment budget and levels of key income. Formal reporting to Cabinet Executive occurs on a quarterly basis, with two separate reports in September and November, and an update as part of the budget setting report in February. The Cabinet reports set out the financial issues facing the Council, and the appendices contain a breakdown of service and Directorate variances.

There were three recommendations at the end of the report:

Recommendation 1: The Council needs to take a strategic long-term approach to Financial Planning

Recommendation 2: Minor improvements to reporting to Cabinet Executive

Recommendation 3: Be clearer about future commercialisation plans

The Council have addressed these recommendations. The Council created their Commercialisation Strategy 2022-27 in March 2022. Through the annual budget setting process, the MTFS now forecasts up to 5 years ahead.

Appendix E - VFM - Summary of arrangements (continued)

Governance (continued)

Reporting criteria considerations

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/Audit and Corporate Governance Committee

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Arrangements in place

Council decisions are made in accordance with the Council's Constitution including the Council's Financial Regulations. This includes the roles and responsibilities of the Executive, Committees, Full Council and chief officers and the rules under which they operate. In particular, how decisions are made and how procedures are to be followed to ensure that actions are efficient, legal, transparent and accountable to the community. The responsibility for overseeing Corporate Governance is formally delegated and documented through the Financial Regulations which is an element of the overall Council Constitution. The terms of reference for the Audit and Corporate Governance Committee are contained within these regulations. The Council has an Audit and Corporate Governance Committee which reviews the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances. Its full function can be read in the Council's website.

The Council has published the draft statement of accounts for 2020/21, 2021/22 and 2022/23 in line with the statutory deadlines set out in the Accounts and Audit Regulations.

The Council maintains employee and member code of conduct protocols, noted within its Constitution. The Constitution and financial procedures rules also include key detail around conduct and behaviour for employees and staff. The Constitution includes specific guidance for members in relation to gifts and hospitality and that these should be recorded in the Register of Interest forms and disclosed with the Monitoring Officer.

Management has a disciplinary committee that is in place that investigates and makes recommendations when there are departures from approved policies and procedures. Policies and arrangements are in place and standing item on agendas, as such, Councillors are required to complete and update Registers of Interest which are publicly available on the Council's website.

Appendix E - VFM - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2020/21, 2021/22 to 2022/23.

Reporting criteria considerations

Arrangements in place

How financial and performance information has been used to assess performance to identify areas for improvement

Regular reporting of performance and financial information is undertaken. As part of this, the Council consider the delivery of services and the Council priorities and previous performance. The Annual Report and Annual Governance Statement set out the review of performance for the year.

The monitoring of the revenue budget and capital programme is performed quarterly and reported to Cabinet. There is also an annual performance report detailing out the Council's financial performance against the General Fund revenue budget, Business Rates Retention, Council Tax, and the Capital Programme in respect of the financial year that has ended.

An annual report is taken to Council on the progress against the Blaby District Plan. The report aims to provide a summary of the Councils' progress and performance against the strategic priorities. It also includes a selection of statutory indicators and performance measures.

The Council also has an internal audit to provide an independent and objective opinion on the body's governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. The internal audit can provide specific recommendation for areas where improvements are required.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The Council reports its performance against a variety of data quality measures, financial or otherwise at the accounts and Audit and Corporate Governance Committee, this gives a flavour of the direction of travel and also the level of performance itself.

The Council has in place a range of key performance indicators which it uses to measure its performance. These indicators are developed for each of the council's main priorities in the corporate plan. The main organizational assessment is around Value for Money, the council's external auditor's judge and report back to the council on arrangements for securing financial resilience and challenging and improving value for money.

Budget monitoring is key at the Council to ensure they meet the budget without overspending. The Finance Team prepared the budget monitoring reports which are sent to Cabinet for review on a quarterly basis to approve any revised contributions from the General Fund Balances, before going to Full Council for approval. The reports will also include the budget risks what actions are being taken to reduce these.

Appendix E - VFM - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness (continued)

Reporting criteria considerations

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

Arrangements in place

Partnership working is a vital component in the way the Council delivers its services and many of its achievements would not be possible without the significant contribution made by its partners. This takes place in all aspects of its services and ambitions and the authority works closely with other local public bodies, community, and voluntary groups via a partnership approach to ensure effective delivery of its services. There is an active voluntary forum through which the Authority provides support to those in the community whilst engaging with them to understand how the Council can improve the services. Customer satisfaction with services is monitored through local and service specific surveys, and electronic means to provide feedback on a range of activities and issues. The Council produces regular newsletters for all residents and businesses within the district which, in addition to providing information and advice, seeks to receive the views of the residents on a wide range of issues. The Council carries out a biannual Residents Survey which includes consultation on potential Council Tax increases and satisfaction levels for a range of Council services. To keep the public informed, the Authority proactively prepares appropriate press releases and maintains a user-friendly and well-designed website to create channels for communication and information dissemination.

The Corporate Peer Challenge progress review in December 2022 commented that there is good evidence of the council's continuing positive relationships with Leicestershire DCs, East Midlands Councils and others. It continued to say that the Council should continue this work to make the most of everyone's resources and opportunities.

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

Local Authorities must comply with European Union procurement Directives and the Public Contracts Regulations 2006. Failure to comply could raise to the risk of challenge and penalties and also result in ultra vires expenditure. Thus, the Constitution of the Council contains the procurement strategy, the procurement process and ensuring proper process are in place and approval is given as per the processes. The constitution sets out a detailed contract procedure rules to ensure that all procurements realise value for money through the optimum combination of whole life costs and quality of outcome. Different mechanisms are in place based on threshold for procurement contracts. The details of which are laid out in the Contract Procedure Rules.

The Council does not have an in-house procurement service but is instead supported by Welland Procurement, a shared service hosted by Melton Borough Council. Welland Procurement provides advice and ensures that procurement activity is carried out in accordance with the Council's Contract Procedure Rules and prevailing legislation. The SLT sits as a Programme Board who review progress against major corporate and service projects, including project closure to measure outcomes.

Appendix F – VFM – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the years covered in this report, 2020/21, 2021/22 to 2022/23. All recommendations have been agreed by management.

Issue	Recommendation	Management response
Financial Sustainability - Financial Resilience	We recommend that the Council continues planning to close future financial budget gaps identified in the Medium-Term Financial Strategy.	The Council will continue to review annually the budget gaps identified in the Medium Term Financial Strategy and put in place plans to address and close the budget gaps.



Appendix G – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- assign responsibilities clearly to staff with the appropriate expertise and experience;*
- provide necessary resources to enable delivery of the plan;*
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

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