

# Blaby District Council

Audited by 5 bbi U'F Ydcfh

*Year ended 31 March 2024*

February 2025



*We are required to satisfy ourselves under s20(1)(c) of the Local Audit and Accountability Act 2014 that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report to you if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements are operating effectively.*

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Our 2023/24 audit approach and the detailed outcomes of our audit of the financial statements are communicated in the following reports:

- Our Independent Auditor's Report within the financial statements for the year ended 31 March 2024
- Our Audit Completion Report to Those Charged with Governance.

This report has been prepared in line with the Code of Audit Practice 2024 (the "Code") and supporting auditor guidance issued by the National Audit Office (NAO). This report is required to be published by the Council alongside the Statement of Accounts.

We have complied with the Code, International Standards on Auditing (UK) and guidance issued by the NAO in the completion of our work. The NAO guidance includes both the normal Auditor Guidance Notes (AGNs) and the new Local Audit Reset and Recovery Implementation Guidance Notes (LLARIGs) issued in line with Statutory Instrument (2024) No.907 which introduced statutory backstop dates for publishing English local government financial statements.

# Key messages

The purpose of the Auditor's Annual Report is to bring together all the auditor's work over the year. This includes the audit work carried out on the Council's financial statements and the audit work we are required to carry out under the Code on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money (VFM) arrangements).

A core element of the report is our commentary on VFM arrangements, which aims to draw to the attention of the members of the Council and the wider public relevant issues, recommendations arising from the auditor's work and the auditor's view on whether previous recommendations have been implemented satisfactorily.

Area of work	Our responsibilities	Conclusions
<b>Financial statements</b>	<p>We were appointed as auditors to perform an audit of the financial statements of the Council in accordance with International Standards on Auditing (UK) (ISAs (UK)), which are directed towards forming and expressing an opinion on the financial statements.</p> <p>However, The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2024, impose a statutory backstop date of 28 February 2025 for the publication by the Council of their final Statement of Accounts for 2023/24. The Code specifies that (except in a few exceptional circumstances) auditors are required to issue their auditor's report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with this statutory reporting deadline.</p> <p>We have therefore 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 our audit opinion and fulfil all the objectives of all relevant ISAs (UK). These time constraints were further restricted by the earlier statutory backstop date of 13 December 2024 by which any financial statements for outstanding periods to 31 March 2023 were required to be published.</p>	<ul style="list-style-type: none"> <li>The Council's 2020/21, 2021/22 and 2022/23 audits were concluded by the Council's previous auditors in December 2024. Disclaimers of opinion were issued on all three years resulting in a lack of assurance on the Council's opening balances at 1 April 2024. The lack of assurance over opening balance resulting from these disclaimers of opinion, together with the statutory backstop date for 2023/24 impacted on the audit procedures that we had planned to undertake to gain assurance on the Council's 2023/24 financial statements. There was insufficient time and resource available for us to gain sufficient assurance during the 2023/24 audit, including recovering missing assurance from earlier years, before the statutory backstop date.</li> <li>We therefore have issued a disclaimer of opinion on the Council's 2023/24 accounts.</li> <li>The responsibilities of the Council, the Audit and Corporate Governance Committee and the Responsible Finance Officer remain unchanged. The Council's Responsible Finance Officer has a responsibility under The Accounts and Audit Regulations 2015 to confirm that the Accountability Statements included in the Statement of Accounts give a true and fair view. The Audit and Corporate Governance Committee have an essential role in ensuring that they have assurance over the quality and accuracy of the financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit.</li> </ul>

# Key messages

Area of work	Our responsibilities	Conclusions
Value for money	<p>We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code requires us to report to you our commentary relating to proper arrangements.</p> <p>We assess the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.</p> <p>We are required to report our commentary under specified criteria: Financial sustainability, Governance and Improving economy, efficiency and effectiveness.</p>	<ul style="list-style-type: none"> <li>• We have not identified any significant weaknesses in the arrangements for securing at economy, efficiency and effectiveness in the use of resources at the Council.</li> <li>• We have made “other” recommendations to support the Council's ongoing improvement.</li> </ul>
Key recommendations	<p>The Code requires that where auditors identify significant weaknesses as part of their review of the Council's arrangements to secure value for money, they should make recommendations setting out the actions that should be taken by the Council. We consider these to be key, or essential, recommendations.</p>	<ul style="list-style-type: none"> <li>• We did not identify any key recommendations.</li> </ul>

*continued...*

# Key messages

Area of work	Our responsibilities	Conclusions
Public interest report	Under Section 24, Schedule 7(1)(1) of the Local Audit and Accountability Act 2014 the auditor of the Council must consider whether to make a report in the public interest if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public.	<ul style="list-style-type: none"> <li>We did not identify any matters for which we considered a public interest report to be required.</li> </ul>
Statutory recommendations	Under Section 24, Schedule 7(2) of the Local Audit and Accountability Act 2014 the auditor of a Council can make written recommendations to the Council which need to be considered by the Council and responded to publicly.	<ul style="list-style-type: none"> <li>We did not identify any matters for which we considered statutory recommendations are required.</li> </ul>
Application to the court	Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think than an item of account is contrary to law, they may apply to the court for a declaration to that effect.	<ul style="list-style-type: none"> <li>We did not make an application to the court.</li> </ul>
Advisory notice	Under Section 29, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if they think that the Council, or an officer of the Council, is about to make, or has made, a decision which involves or would involve the Council incurring unlawful expenditure, is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or is about to enter an item of account, the entry of which is unlawful.	<ul style="list-style-type: none"> <li>We did not issue any advisory notices.</li> </ul>
Judicial review	Under Section 31, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure to act by an authority, which it is reasonable to believe would have an effect on the accounts of that body.	<ul style="list-style-type: none"> <li>We did not make an application for judicial review.</li> </ul>

# Financial statements

*The Statement of Accounts and financial statements included therein are an important tool for the Council to show how it has used public money and how it can demonstrate its financial health.*

*We were appointed as auditors to perform the audit in accordance with International Standards on Auditing (UK) (ISAs (UK)).*

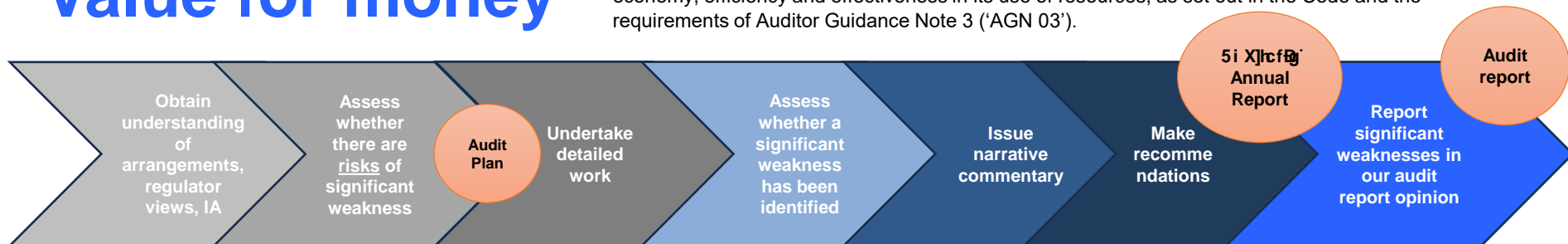
*We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.*

Area of work	Conclusions
<b>Audit opinion on the financial statements</b>	We issued a disclaimer of opinion on the Council's financial statements on 27 February 2025.
<b>Whole of Government Accounts (WGA)</b>	<p>We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions.</p> <p>The Council does not exceed the threshold for detailed testing however we are required to issue an assurance statement to the NAO (even if we have issued a disclaimer of opinion on the financial statements).</p> <p>We issued our assurance statement to the NAO on 27 February 2025.</p>
<b>Preparation of the accounts</b>	Under The Accounts and Audit Regulations 2015 the deadline for the production and approval of the draft financial statements was 31 May 2024. The Council prepared its draft accounts in line with this deadline.

The detailed findings from the audit procedures we completed on the Council's 2023/24 financial statements, including the significant risks we identified and the work we completed, are set out in our Audit Completion Report, reported to the Council's Audit and Corporate Governance Committee on 6 February 2025. Requests for the Audit Completion Report should be directed to the Council. The significant risks are also summarised in Appendix I of this report. We identified no significant weaknesses and made no key recommendations.

# Value for money

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



## Updated risk assessment

The predecessor auditor reported no significant weaknesses in 2022/23. Their report was concluded after we issued our audit plan in February 2024. This is summarised in the table below.

Criteria	Significant weaknesses reported in 2022/23	Key recommendations made by prior year auditor in 2022/23	Impact on 2023/24 risk assessment
<b>Financial sustainability</b>	No	No	No significant risks identified.
<b>Governance</b>	No	No	No significant risks identified.
<b>Improving economy, efficiency and Effectiveness</b>	No	No	No significant risks identified.

# Value for money

The 2023/24 audit has not identified any significant weaknesses in arrangements to deliver value for money. Our detailed commentary is set out on the following pages.

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

The Council's predecessor auditors produced their VFM commentary to cover the 2020/21, 2022/21 and 2022/23 financial years and reported this to the Audit and Corporate Governance Committee on 25 November 2024. Given the limited time between their report and the statutory back stop date of 28 February 2025, we have considered the commentary within their report to be relevant for the 2023/24 financial year and arrangements.

EY reported one "other" recommendation. This is included on page 19 and remains relevant for 2023/24.



# Value for money

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- Meeting with management (including senior officers)
- Review of Council and committee reports and attendance at Audit and Corporate Governance Committee meetings
- Reviewing reports from third parties
- Considering the findings from our audit work on the financial statements
- Review of the Council's Annual Governance Statement and Narrative Report and other publications
- Considering the work of internal audit and the counter fraud function
- Consideration of other sources of external evidence.

Councils are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Council and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our audit plan.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the Council to achieve value for money.

The Code requires us to structure our commentary on VFM arrangements under three reporting criteria: financial sustainability, governance, and improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Council in each area.

## Summary of findings

Based on the audit work performed, we have not identified any significant weaknesses in the Council's arrangements for achieving value for money and have therefore not raised any key recommendations. We have raised other recommendations for financial sustainability and governance for the Council to consider.

# Financial sustainability

This relates to how the Council plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- how the Council identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;
- how the Council plans to bridge its funding gaps and identifies achievable savings;
- how the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- how the Council ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and
- how the Council identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

For reasons set out earlier in this report, only three months have passed since the Council's predecessor auditor reported their commentary on the Council's VFM arrangements. This commentary was reported and issued on 15 November 2024 and presented to the Audit and Corporate Governance Committee on 25 November 2024 and covered the period 1 April 2020 to 31 March 2023.

We have therefore used this November 2024 commentary as a starting point for our own work, to help ensure consistency in reporting between years and between auditors.

The November 2024 commentary identified one "other" recommendation which we have repeated given the insufficient time that management have had to consider this. We also recognise that this recommendation came part way through the 2024/25 financial year, while our work has focussed on arrangements in place during 2023/24.

As part of our VFM work we have completed the following:

- Held meetings with various senior stakeholders within the Council, including; S151 officer, Financial Services Group Manager, Audit & Corporate Governance Committee Chair and Corporate Services & Monitoring Officer.
- Reviewed minutes of key meetings including;
  - Council
  - Cabinet
  - Audit & Corporate Governance Committee
- Reviewed internal audit reports
- Reviewed the Risk Register
- Reviewed the Medium Term Financial Plan
- Reviewed capital programme and governance arrangements in place for monitoring of this.

# Financial sustainability

The Council's Medium Term Financial Strategy (MTFS) is reviewed and updated on a yearly basis. The General Fund Budget for 2023/24 was taken to Cabinet in February 2023 for approval. The MTFS was then updated in February 2024, covering the six years from 2023/24 to 2028/29.

The Council uses Pixel Financial Management as advisors and have based their MTFS on a model provided by them.

The MTFS highlighted a surplus for 2023/24 of £318k. Actual results for 2023/24 gave a surplus of £1.7m. Reasons for the increased surplus were reported to Cabinet in the Financial Performance report for 2023/24 in June 2024 and the main reasons were attributable to vacant posts during the year, investment income performing better than budgeted due to rising interest rates, and recovery of overpaid housing benefit exceeding the budget. The report highlighted that, whilst this is positive, there is still a risk of future budget gaps in the MTFS.

The Council highlight in the MTFS the key risks to achieving the planned financial position. These include uncertainty over the continuance of the New Homes Bonus, Business Rates Retention Reform, and inflationary pressures. This was included as a risk on the Council's risk register as at March 2024 as a lack of certainty around future funding streams. This is also reported within the Narrative Report in the 2023/24 annual accounts.

Alongside the MTFS, the Council set out a paper which highlights the actions being taken to address the funding gaps, including identifying a number of transformational savings. The implementation of these are dependent on the Business Rate Baseline and Fair Funding.

As at 31 March 2024, the Council had un-earmarked General Fund Reserves of £6.564m. These reserves would be enough to cover the funding gap should no other action be taken up to the end of the 2026/27 financial year.

The Council are currently in the process of updating the MTFS for 2024/25 to 2029/30. The strategy is currently in draft form and reflects the recent provisional local government settlement and additional New Homes Bonus Grant which was announced in December 2024. There is still uncertainty around future funding as well as the impact of local government finance reform and devolution. These risks are identified and highlighted as part of the MTFS which was taken to Scrutiny Committee in January 2025.

# Financial sustainability

Whilst we have not identified any significant weaknesses in arrangements to secure value for money through financial sustainability in 2023/24, we have made one “other” recommendation, as set out below. This is consistent with the prior year recommendation made in November 2024 and reflects the increasingly constrained financial environment within which the Council operates.

## **Other recommendations:**

1. We recommend that the Council continues to review its financial position through timely updating and monitoring of the MTFS. This includes continuing to develop and implement plans to close future financial budget gaps identified in the MTFS.

# Governance

This relates to the arrangements in place for overseeing the Council's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how the Council monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council 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, including in relation to significant partnerships;
- how the Council 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 committee; and
- how the Council 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).

## Risk management

The Council updated its Risk Management Strategy 2023 – 2026 during the 2023/24 financial year. This was approved by the Audit and Corporate Governance Committee in line with the previous Risk Management Strategy expiring on 31 March 2023.

A Corporate Risk Register was in place throughout 2023/24 and was reported quarterly to the Audit and Corporate Governance Committee.

## Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee met four times in 2023/24 and has met three times so far in 2024/25. CIPFA guidance, titled “CIPFA’s Position Statement: Audit Committees in Local Authorities and Police 2022”, sets out that audit committees should meet at least four times a year, which the Council is compliant with. The guidance also states that to discharge responsibilities effectively, the committee should include regular attendees. The Council complies with this guidance, except for having regular attendance from the Chief Executive. Although practice in this area varies from council to council, we have made one “other” recommendation in relation to this for the Council to consider.

## Internal Audit

The Council has an Independent Internal Audit function provided by a shared function with two other councils in Leicestershire. Internal Audit report into the Audit and Corporate Governance Committee regularly. The Internal Audit Annual Report 2023/24 concluded “reasonable assurance” on the overall control environment, demonstrating that there is a generally sound system of governance, risk management and control in place. This is the second highest level of assurance which can be given and is consistent with the level of assurance given in the prior year.

# Governance

Two audit reports were issued with “limited assurance” during 2023/24. These were for “Capital Programme Management” and “Sundry Debtors”. The Council have included a statement summarising this within their 2023/24 Annual Governance Statement and disclosed that plans have been put in place to ensure these recommendations are addressed.

As reported at the most recent Audit and Corporate Governance Committee in January 2025, there were no outstanding “high” or “medium” recommendations being reported for 2023/24. We consider this level of timely completion of agreed audit actions to be good practice and something which the Council should look to continue to ensure that risks are being mitigated timeously.

## **Code of conduct**

The Council have a Code of Conduct available for viewing online for Officers and Members. This also sets out the Council's policy on Gifts and Hospitality and their responsibilities within this area. The Council have an Anti-Fraud and Corruption Policy in place which is also available online and was last updated in line with the review policy in February 2024. The Council's constitution is available on the website and was last updated in July 2024.

## **Approval of budget**

The 2023/24 budget was taken to the Scrutiny of the Administration's Budget Proposals Committee in January 2023, and then went to Cabinet for approval in February 2023. This included papers which set out the forecast assumptions and financial risks to the Medium Term Financial Strategy (MTFS).

The Council published the draft 2023/24 Statement of Accounts in line with the Audit and Accounts Regulations, by the deadline of 31 May 2024.

We have identified no significant weaknesses in the Council's governance arrangements. We have made one “other” recommendation below.

## **Other recommendations:**

1. We recommend that consideration is made to the CIPFA guidance suggesting that the Chief Executive is one of the regular attendees at the Audit and Corporate Governance Committee.

# Improving economy, efficiency and effectiveness

This relates to how the Council seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how financial and performance information has been used to assess performance and identify areas for improvement;
- how the Council evaluates service quality to assess performance and identify areas for improvement;
- how the Council 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; and
- where the Council commissions or procures services, how it ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how it assesses whether it is realising the expected benefits.

## Financial performance

In 2023/24 the Council introduced a new performance management system, “I-Plan”. This looks at corporate and service priorities and Key Performance Indicators and is monitored quarterly by Senior Leadership Team.

## Capital programme

Like the majority of local authorities, the Council had a material capital programme in 2023/24 which totalled £11.8m when reported to Cabinet in February 2024. This included £5.3m brought forward from 2022/23. At the end of 2023/24, the Council had underspent on the capital programme by £4.9m, which is 41% of the total capital budget. The report to Cabinet set out the reasons for this underspend and 90% of the underspend has been carried forward to 2024/25, as reported in the June 2024 Cabinet report.

## Corporate Action plan 2023/24

The Corporate Action plan for 2023/24 was approved by Council in June 2023. In total, there were 23 objectives contained within the action plan for 2023/24.

This has now been superseded by the “Corporate Action Plan 2024/25” to more closely align to the “Blaby District Plan 2024-2028”. Both of these documents are available to view on the Council’s website.

As the 2023/24 plan covered some significant areas for development, the Council acknowledge that many actions are relatively long-term endeavours and therefore have been rolled forward into the 2024/25 plan.

## Peer review

As previously reported in the Council’s value for money commentary, a Corporate Peer Challenge (CPC) review was performed in March 2022. This concluded that “Blaby District Council (DC) is a well-run local authority; it has a sound

# Improving economy, efficiency and effectiveness

financial position, strong leadership, particularly through its Leader and Chief Executive, and committed staff". As a result of this, an action plan was put in place to address recommendations made for improvement. In December 2022 the Local Government Association (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."

As at the time of writing this report, the Council has demonstrated further progress against these actions, which are monitored through the Corporate Plan. No further visit has taken place in 2023/24.

## **Partnership working**

The Council works with a number of partners to deliver services. These include; Joint Community Safety Partnership, Blaby District Tourism Partnership, Lightbulb, The Housing Enablement Team, and The Leicestershire Building Control Partnership. A number of these partnerships are led by Blaby District Council and involve other councils within Leicestershire. A number of actions from these partnerships are included within the Council's Action Plan for 2024/25, including reviewing the role and governance of the Lightbulb service and delivering the Tourism Growth Plan.

We have identified no significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness.



# Key recommendations

These recommendations relate to significant weaknesses we have identified.

Criteria	Recommendation
<b>Financial sustainability</b>	We have not identified any key recommendations from our work in this area.
<b>Governance</b>	We have not identified any key recommendations from our work in this area.
<b>Improving economy, efficiency and effectiveness</b>	We have not identified any key recommendations from our work in this area.

# Other recommendations

These recommendations relate to less significant deficiencies or opportunities for improvement we have identified from our value for money work.

Criteria	Recommendation	Observation and implication / impact	Management response
<b>Financial sustainability</b>	We recommend the Council continues planning and implementing actions to close future financial budget gaps identified in the Medium-Term Financial Strategy.	As set out on page 11.	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.
<b>Governance</b>	We recommend that consideration is made to the CIPFA guidance suggesting the Chief Executive should be a regular attendee at the Audit and Corporate Governance Committee.	As set out on page 13.	The Chief Executive will be invited to Audit and Corporate Governance Committee meetings going forward.

# Follow up of prior recommendations

Criteria	Recommendation	Type	Date raised	Management response	Progress to date	Further action needed
<b>Financial sustainability</b>	We recommend that the Council continues planning to close future financial budget gaps identified in the Medium-Term Financial Strategy.	Other	November 2024	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.	The Council have reviewed and updated their Medium-Term Financial Strategy, and this along with the budget proposals was presented to Full Council on Tuesday 25th February 2025.	Yes
<b>Governance</b>	No recommendations were made in this area.					
<b>Improving economy, efficiency and effective-ness</b>	No recommendations were made in this area.					
<b>Financial statement</b>	No recommendations were made in this area.					

# Appendix I: Financial statements audit risks

## Significant risks

This section summarises the significant risk areas we identified for our financial statements audit. We set out our planned responses to each of these risks in our audit plan.

Significant risk	Fraud risk?	Level of judgement / estimation uncertainty	Work completed
Delays in completing prior year audits and disclaimers of opinion	No	N/A	Summarised on the next page.
Management override of controls	Yes	High	Due to the missing assurance for prior periods and the time constraints imposed by the statutory backstop we have been unable to complete all our planned procedures on the significant risks we identified.
Presumption of fraud in revenue recognition	Rebutted	Low	
Expenditure recognition	Rebutted	Low	
Valuation of land and buildings and investment property	No	High	As a result of the material and pervasive nature of missing assurance, and the statutory backstop date of 28 February 2025 for the 2023/24 audit, we issued a disclaimer of opinion on 27 February 2025.
Valuation of pension assets and liabilities (IAS19)	No	High	

# Appendix I: Financial statements audit risks

Identified risk	Audit procedures completed	Outcome
<p><b>Prior year opinion on the financial statements</b></p> <p>In our audit plan we highlighted that we had not yet obtained a copy of the audit opinion from the Council's predecessor auditor for the 2020/21, 2021/22 and 2022/23 financial years. We therefore reported that:</p> <ul style="list-style-type: none"> <li>There was a risk that issues not yet identified in these audit years could impact the current audit year;</li> <li>There was a further risk that the audit backstop of 13 December 2024 may prevent the prior year audits from being completed, resulting in prior year audit opinions being qualified by a 'limitation of scope' or disclaimed in full.</li> </ul> <p>As a result, we reported the significant risk that:</p> <ul style="list-style-type: none"> <li>there may be limited assurance available over the Council's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others).</li> <li>significant transactions, accounting treatment and management judgements may not have been subject to audit for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods.</li> </ul>	<p>In response to this risk, we:</p> <ul style="list-style-type: none"> <li>considered the findings and outcomes of the prior year audits and their impact on our 2023/24 audit;</li> <li>considered the impact on our 2023/24 audit of the prior year disclaimed audit opinions received from the Council's predecessor auditor, with particular regard to opening balances and 'unaudited' transactions and management judgements made in previous disclaimed years which continue into 2023/24; and</li> <li>considered the impact of any changes in the CIPFA Code requirements for financial reporting in previous and current audit years.</li> </ul>	<p>The Council's accounts were disclaimed for 2020/21, 2021/22 and 2022/23. This means we have no assurance over the comparators in the 2023/24 financial statements and no assurance over transactions occurring in those years which impact the figures reported in the financial statements for 2023/24.</p> <p>Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we are required to issue our opinion on the financial statements.</p> <p>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).</p> <p>Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we therefore issued a disclaimer of opinion on 27 February 2025.</p>



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