

North East Derbyshire District Council

## External Audit Progress Report

22 January 2024



# Audit Progress: Executive Summary

## Purpose of this report

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). This report provides the January 2024 Audit Committee meeting with an update on progress in delivering our responsibilities as your external auditors as summarised below. It also includes, at Appendix A, a summary of recent national reports and publications for your information.

### 2021/22

Our audit of the 2021/22 financial statements is complete, with our audit report issued on 23 January 2023.

We also have completed our work on the Council's value for money arrangements, having issued the Auditor's Annual Report in January 2023.

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

### 2022/23

Our audit of the 2022/23 financial statements is substantially complete, and we issued our Audit Completion Report in December 2023.

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

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

### 2023/24














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

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

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

# Status of the 2022/23 audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below. The following work was identified as outstanding in our Completion Report. We provide an update on this work (in blue).

Audit area	Status	Description of the outstanding matters	
Land, Buildings and Investment properties		Evidence supporting the values disclosed in the accounts is yet to be reviewed, further queries may arise from this. <b>Post review of evidence, further queries were raised to the management and valuer which are currently under review.</b>	
Pensions		Part of our assurance over the net pensions liability is derived from specified procedures commissioned from the external auditors of the Derbyshire Pension Fund. We are yet to receive their final report for our consideration and completion of the testing required - <b>No change – we have not yet obtained assurance from the Pension Fund auditor.</b>	
Expenditure testing		We have a small number of tests to complete, including on Housing Benefits. – <b>work now completed</b>	
Group accounts		We have some outstanding audit procedures on the group accounts – <b>Work is now substantially completed with review procedures ongoing.</b>	
Investments		Enquiries have been made to management regarding the reporting of interest in other bodies. – <b>This query has been resolved.</b>	
Whole Government Accounts		NAO Group Instructions for local authority audits are not yet available and WGA returns and audit certificates cannot be issued at the present time. We provide more information on this matter at page 14. – <b>No change</b>	
Housing Revenue Account and Collection Fund		Work in this area is ongoing - <b>work is substantially complete with review procedures ongoing.</b>	
Evidence, review and evaluation		Including debtors – <b>ongoing till point audit report is signed</b>	
Audit Quality Control and other Completion Procedures including the Disclosure Checklist		Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks.  In addition, there are residual procedures to complete, including review of revised financial statements, updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.	

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

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

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



# Value for money arrangements

## The framework for value for money work

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

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

## Matters under review

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

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



## Appendix A: Insights and publications

# Public and Social Sector Insights

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



## Beyond efficiency: what's left for local government?

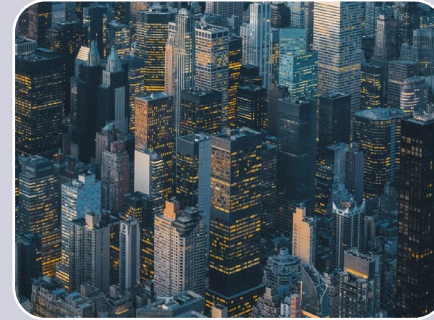
Today, the financial stability of local authorities is no longer guaranteed, placing public services and employment increasingly at risk. All of which means: it's time to take action.

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



## Supporting vulnerable communities

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



## A global public and social sector study (2023)

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

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



## Why culture is critical to local government

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

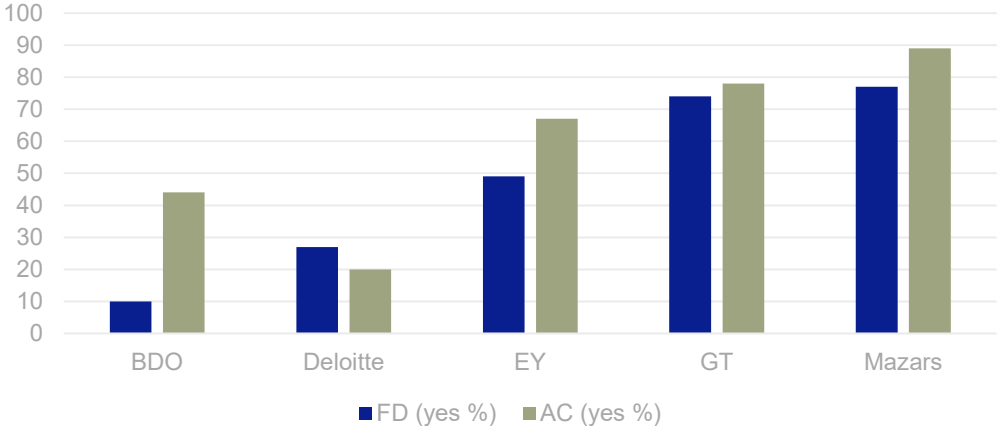
# PSAA quality of audit services feedback survey

In August 2023 Public Sector Auditor Appointments Ltd (PSAA) published its fourth annual report on feedback from Finance Directors and Audit Committee Chairs of local authorities on their satisfaction with the audit services provided by local auditors.

You can view the full PSAA report at [PSAA-Quality-of-Audit-Services-2021-22-feedback-survey.pdf](#)

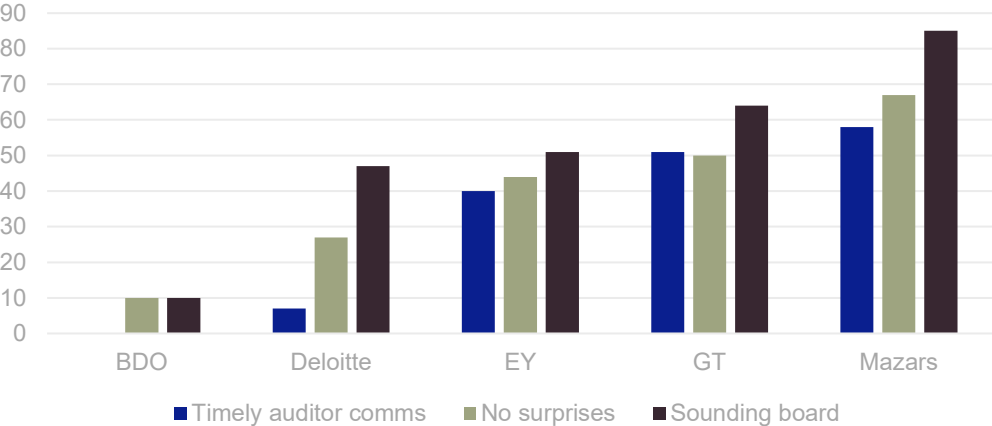
Focus area 1 - To what extent did the audit service meet your expectations?

### Did the audit service meet your expectations?



Focus area 2 - To what extent did your auditor provide effective and timely communications? Were the communications timely, with no surprises and was the auditor approachable as a sounding board?

### How effective were communications?



# National publications

Publication / Update	Key points	Link
<b>National Audit Office (NAO)</b>		
Condition of school buildings, June 2023	Report which examines whether the Department for Education (DfE) is achieving its objective to ensure the school estate in England contains the safe and well-maintained school buildings that it regards as essential for a high-quality education.	<a href="#">Condition of school buildings - National Audit Office (NAO) report</a>
Investigation into the Homes for Ukraine scheme, October 2023	This report aims to increase transparency by taking stock of what has been achieved to date, for what cost, and what can be learned.	<a href="#">Financial management in government: strategic planning and budgeting - NAO insight</a>
Reducing the harm from illegal drugs, October 2023	This report examines whether the government is well positioned to achieve the strategy's 10-year ambitions.	<a href="#">Investigation into the Homes for Ukraine scheme - NAO report</a>
Reforming adult social care in England, 10 November 2023	This report looks at how DHSC is responding to the challenges facing adult social care in England, and its progress with delivering the reforms set out in the 2021 white paper.	<a href="#">Reforming adult social care in England - NAO report</a>
Resilience to flooding, 15 November 2023	NAO last reported on government's management of flood risk in November 2020. In this report, we look at the government's long-term ambition "to create a nation more resilient to future flood and coastal erosion risk" and, in the more immediate term, whether Defra and EA are delivering value for money after two years of the capital programme. To do this, we have assessed Defra's progress against the backdrop of its 2020 policy statement and EA's 2020 strategy. We also assess EA's performance in maintaining existing flood defence assets.	<a href="#">Resilience to flooding - National Audit Office (NAO) report</a>
<b>Chartered Institute of Finance and Accountancy (CIPFA)</b>		
Section 114s: where are we headed next? 16 August 2023	Rob Whiteman, CIPFA CEO assesses the latest position on s114 notices (where formal action needs to be taken to balance a Council's finances), what has been done to prevent further s114 notices, whether more will occur and what the sector should do. This originally appeared as an article in the Municipal Journal on 31 July 2023.	<a href="#">Section 114s: where are we headed next?   CIPFA</a>



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