



Addendum

Cabinet

Date: **Monday, 17th March, 2025**

Time: **10.00 am**

Venue: **Council Chamber, Council Offices, Urban Road,
Kirkby-in-Ashfield**

For any further information please contact:

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If you require an adjustment to enable you to participate or access the meeting, please contact the Democratic Services team at least 48 hours before the meeting.

ADDITIONAL PAPERS

Page

8. **Audited Statement of Accounts 2023/24.**

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Key Decision

Councillor Rachel Madden – Executive Lead Member for Finance, Revenues and Benefits

Updated Report document and External Auditor's Annual Report attached.

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Report To:	CABINET
Date:	17TH MARCH 2025
Heading:	AUDITED STATEMENT OF ACCOUNTS 2023/24
Executive Lead Member:	EXECUTIVE LEAD FOR FINANCE, REVENUES AND BENEFITS – CLLR RACHEL MADDEN
Ward/s:	N/A
Key Decision:	NO
Subject to Call-In:	NO

Purpose of Report

This report presents the Cabinet with the Council's Statement of Accounts for 2023/24 and reports on the outcome of the external audit of the Council's Statement of Accounts 2023/24.

Subject to approval of the Statement of Accounts by Cabinet, the audited Financial Statements will then be presented placed on the Council's website.

Recommendation(s)

Cabinet is requested:

- 1) To approve the Council's Financial Statements and for these to be placed onto the Council's website.

Reasons for Recommendation(s)

To comply with the Accounts and Audit Regulations (SA 2015, 234) and with Financial Regulations which form part of the Council's Constitution. These state the Cabinet is responsible for approving the Annual Statement of Accounts as appropriate.

Alternative Options Considered

None as it is a statutory requirement for Council's to publish the audited Annual Statement of Accounts and for Council's Cabinet to approve these.

Detailed Information

The deadline for publication of the draft 2023/24 Statement of Accounts was set by government as 31 May 2024. The original deadline for the final audited Statement of Accounts was 30 September 2024. Unfortunately, the Council's External Auditors were unable to undertake their work promptly, following delays completing the prior year audit. However, this is now concluded with the issuing of the following reports:

- Audit Strategy and Completion Report – this was considered by the Audit Committee on 27 February 2025, enabling the Committee to recommend that Cabinet approve the accounts.
- Auditor's Annual Report – this summarises the whole work undertaken by the auditor, comprising the 23/24 accounts, value for money commentary and other matters.

The final Statement of Accounts, pending Audit Certificate, is attached at appendix 1 and the Auditor's Annual Report is also appended.

The audit resulted in several amendments to the draft Statements published in May 2024, but these were minor in character. They reduced the balance reported on the Council's General Fund by £90k. There is no impact on the balance reported in the Housing Revenue Account balance. The changes were mainly technical accounting items and presentational issues, including the change in the Council's Corporate Resources Director in October 2024.

There is a well-documented national backlog in local government financial reporting. Only a handful of the 2023/24 audits completed by the September deadline and, as at the end of January, only 77 audits had been completed from a national population of 459. As noted above, this has affected Ashfield, in that, whilst our draft accounts were produced by the 31 May deadline, the auditor was unable to commence the audit promptly. Government has introduced measures intended to resolve the backlog. These included the guillotining of outstanding 2023/24 audits, with the intention that councils would publish their audited accounts by a 'backstop date' of 28 February 2025.

As a result of these backstop arrangements, the Council's external auditors have determined that there is insufficient time to complete their audit procedures and as such will be issuing a disclaimer of opinion on the Council's financial statements.

At the time of announcing the 'backstop', government acknowledged that there would likely be a significant number of audits that resulted in a 'disclaimed (backstop) opinion'. Officers understand that more than 200 such opinions have now been issued. Government also made clear that where this occurs, councils should not be judged unfairly. The auditor's Completion Report noted that, whilst he cannot issue a normal opinion in the circumstances, the work he had undertaken up to the backstop had not raised any matters that would have led to an unmodified opinion. The impact of the disclaimed opinion is therefore not expected to be significant.

Officers are responding to the matters raised in the Auditor's Annual Report, with the aim of achieving normal unmodified audit opinions at the earliest opportunity.

Following the 'backstop' arrangements, the Council was expected to publish its audited 2023/24 financial statements and accompanying information on or before 28 February 2025. Unfortunately, it has not been possible to meet this deadline. In these circumstances, the Accounts and Audit Regulations require the Council to:

- a) on or as soon as reasonable practicable after the last publication date, publish a notice stating –
 - i. that it has not been able to publish its accountability statements,
 - ii. its reasons for this, and
 - iii. that it acknowledges that it must publish its accountability statements as soon as reasonably practicable,
- b) on or as soon as reasonably practicable after the last publication date, send a copy of the notice mentioned in sub-paragraph a) to the Secretary of State, and
- c) as soon as reasonably practicable publish its accountability statements.

The required notice was issued on 28 February to comply with these requirements. The accounts will be published on the website once they are signed, which is expected to take place as soon as possible after the Cabinet meeting.

Implications

Corporate Plan:

Production of timely and accurate Statement of Accounts is a statutory requirement. Achievement of this reflects sound financial management supporting delivery of the Corporate Plan.

Legal:

The approval of the audited Statement of Accounts ensures compliance with the legislation. The Constitution requires Cabinet to approve the audited Annual Statement of Accounts”. [RLD 14/03/2025]

Finance:

There are no funding implications arising from this report. However, the financial accounts are the key document that communicates the Council’s financial performance to the taxpayer, central government and other stakeholders. The approval and publication of the financial accounts is therefore an essential part of the Council’s financial governance arrangements. [PH 26/02/2025]

Budget Area	Implication
General Fund – Revenue Budget	As per the Statement of Accounts
General Fund – Capital Programme	As per the Statement of Accounts
Housing Revenue Account – Revenue Budget	As per the Statement of Accounts
Housing Revenue Account – Capital Programme	As per the Statement of Accounts

Risk:

Risk	Mitigation
Not applicable	Not applicable

Human Resources:

No implications.

Environmental/Sustainability

No implications.

Equalities:

No implications.

Other Implications:

None

Not applicable.

Background Papers

- Draft Statement of Accounts 2023/24;
- Forvis Mazars: Auditor's Annual Report
- Forvis Mazars: Audit Strategy and Audit Completion Report.

Report Author and Contact Officer

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Auditor's Annual Report
Ashfield District Council – year ended 31 March 2024

March 2025

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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Introduction

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Ashfield District Council ('the Council') for the year ended 31 March 2024. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

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'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

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Opinion on the financial statements

We expect to issue our audit report in March 2025 with a disclaimer of opinion. This means our audit report did not express an opinion on the financial statements and no assurance was provided. It was necessary to issue a disclaimer of opinion as amendments to the Account and Audit Regulations introduced a statutory deadline for publication of the Council's financial statements. We were unable to complete the audit procedures necessary to obtain sufficient appropriate audit evidence on which to base our opinion before the date the Council published its audited financial statements.



Value for Money arrangements

In our audit report we will report that we were not satisfied arrangements were in place for the Council to secure economy, efficiency and effectiveness in its use of resources, this is because we issued a recommendation in relation to a significant weakness in those arrangements that is relevant to the 2023/24 financial year. Section 3 provides our commentary on the Council's arrangements and a summary of our recommendations, and the weaknesses identified.



Failure to meet the backstop date

The Council did not approve its financial statements by the backstop date of 28 February 2025 because of a failure to comply with its own constitution.



Wider reporting responsibilities

At the date of reporting our work on the Council's Whole of Government Accounts return remains incomplete whilst we wait for instructions from the National Audit Office.

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Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. Amendments to the Accounts and Audit Regulations introduced a deadline for publication of local authorities' audited 2023-24 financial statements. Prior to issuing our audit report, the ISAs require us to determine whether we have obtained sufficient appropriate audit evidence based on the audit procedures completed at that date. We concluded we had not obtained sufficient appropriate audit evidence to enable us to express an opinion on whether the financial statements present a true and fair view and have been prepared, in all material respects, in line with the Code of Practice on Local Authority Accounting. Consequently, as required by the ISAs, we modified our audit report and issued a disclaimer of opinion. This means, in our audit report issued in February 2025, we have not expressed an opinion on the Council's financial statements.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Qualitative aspects of the Council's accounting practices

Audit teams may wish to bring certain matters to the public's attention in relation to the client's accounting practices and matters discussed with management that were reported in the ACR. It is not mandatory to include matters in this section, but where the audit team feels matters should be brought to the public's attention, then they can be reported here.

Significant difficulties during the audit

We encountered challenges through:

- Ongoing issues in obtaining timely and complete evidence and explanations from the Council's in-house valuation expert (sample selected prior to start of audit and only partially received 15 December)
- The Council relied on an experienced interim to run the process, who decided to leave in January. Not only was there an overreliance on this individual, causing delays in responding to queries, there were gaps

in working paper preparation, quality control and delays in extracting information from the ledger to enable substantive testing to be performed, with insufficient support arrangements in place. A replacement has been secured with prior experience of working with the Council.

- The Council's S151 retired in October, with a replacement new S151 in place from November with extensive public finance experience, but not specifically year-end financial reporting, who had very little time to make changes.
- The Council introduced a new financial ledger during the year, which diverted resources away from the accounts process.

Failure to meet the backstop date

The Accounts and Audit Regulation 2015 require the Council was required to publish its 2023/24 financial statements by 28 February 2025. We notified the Council of the impending backstop date and status of the audit, including the difficulties as explained above, in December 2024 and agreed a plan to complete and issue the audit report in February 2025.

The Council convened an Audit Committee for 27 February, but on 20 February we were informed that this would be a problem and the Council would not be able to approve the accounts by the backstop date because the Audit Committee does not have the authority to do so because the Constitution was updated in 2024 to reserve this decision for Cabinet. The Council, therefore, could and should reasonably have known to convene meetings to meet the backstop date.

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Our work on Value for Money
arrangements

VFM arrangements

Overall Summary

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VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.



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



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.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 15.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	No
 Governance	14	Yes – see page 15	Yes – see page 21	Yes – see page 16
 Improving economy, efficiency and effectiveness	18	No	No	No

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

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VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Position brought forward from 2022/23

There are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from 2022/23. The Council's underlying arrangements in relation to financial sustainability are not significantly different in 2023/24.

Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2023/24. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plan to best meet the needs of the Council's service users.

The Council's financial planning and monitoring arrangements

Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements, we are satisfied that the Council's arrangements for budget monitoring remain appropriate, including reporting to Members.

2023/24 Budget Setting and the Medium-Term Financial Strategy

The Council's arrangements are consistent with the prior period. We have read committee reports covering budget setting for 2023/24 and the Medium-Term Financial Strategy. We also met regularly with Officers throughout the year. In our view, the Budget Report for 2023/24 adequately explains revenue and capital budgets with no indication of excessive use of capital flexibilities to support revenue expenditure. There is no indication that the Council's Medium Term Financial Strategy and budget setting process is not aligned to supporting plans.

Strategy and budget setting process is not aligned to supporting plans given the Council has a track record of delivering against budget.

2023/24 Statement of Financial Position

The purpose of the Council's general fund reserve is to meet costs arising from any unplanned or emergency events. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Whereas earmarked reserves are set aside for specific purposes.

We carried out a high-level analysis of the financial statements subject to our audit, including the Movement in Reserves Statement and our work to date has not highlighted any risks of significant weakness in arrangements or indicators of a risk to the Council's financial sustainability.

£'000	2020/21	2021/22	2022/23	2023/24
General fund (including earmarked reserves)	26,712	26,169	28,150	30,031
HRA (including earmarked reserves)	42,832	44,990	43,992	44,839
Capital receipts and grants	6,930	9,628	7,315	31,479
Total Useable Reserves	76,474	80,787	79,387	106,349

2023/24 Financial outturn

Our review of cabinet minutes and reports show an adequate level of detail covering financial performance to date, explanations for variances and also tracks planned efficiency savings. The financial outturn position, showing a small surplus on the general fund and HRA, does not give cause to concern regarding the Council's financial sustainability.

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

We considered performance on commercial property investments as presented in notes 13 of the audited financial statements, and from our brought forward knowledge of the Council, we understand that the underlying arrangements for oversights of the Council's investment property portfolio are unchanged from prior years. The table below reconciles the £43m spent on investment properties since 2019/20 to the fair value at 31 March 2024 of £45m, with the main difference being a fall in value of £16m:

	£'000
Opening Fair Value of investment properties 1 April 2019	19,228
Expenditure incurred	43,210
Impairment of value	(16,176)
Fair Value of investment properties 31 March 2024	45,448
Net Rental Income From Investment Properties 2019/20 to 2023/24	20,436

The Council has set aside £4.4m into an earmarked investment reserve to mitigate the impact of rental void periods and mitigate fluctuations in the market. This is approximately 90% of the annual net revenue income received in 2023/24 (£4.8m) per Note 13 of the financial statements, and 27% of the cumulative fall in value since 2019/20.

The net rental income does **not** include the c£1m annual Minimum Revenue Provision on investment properties.

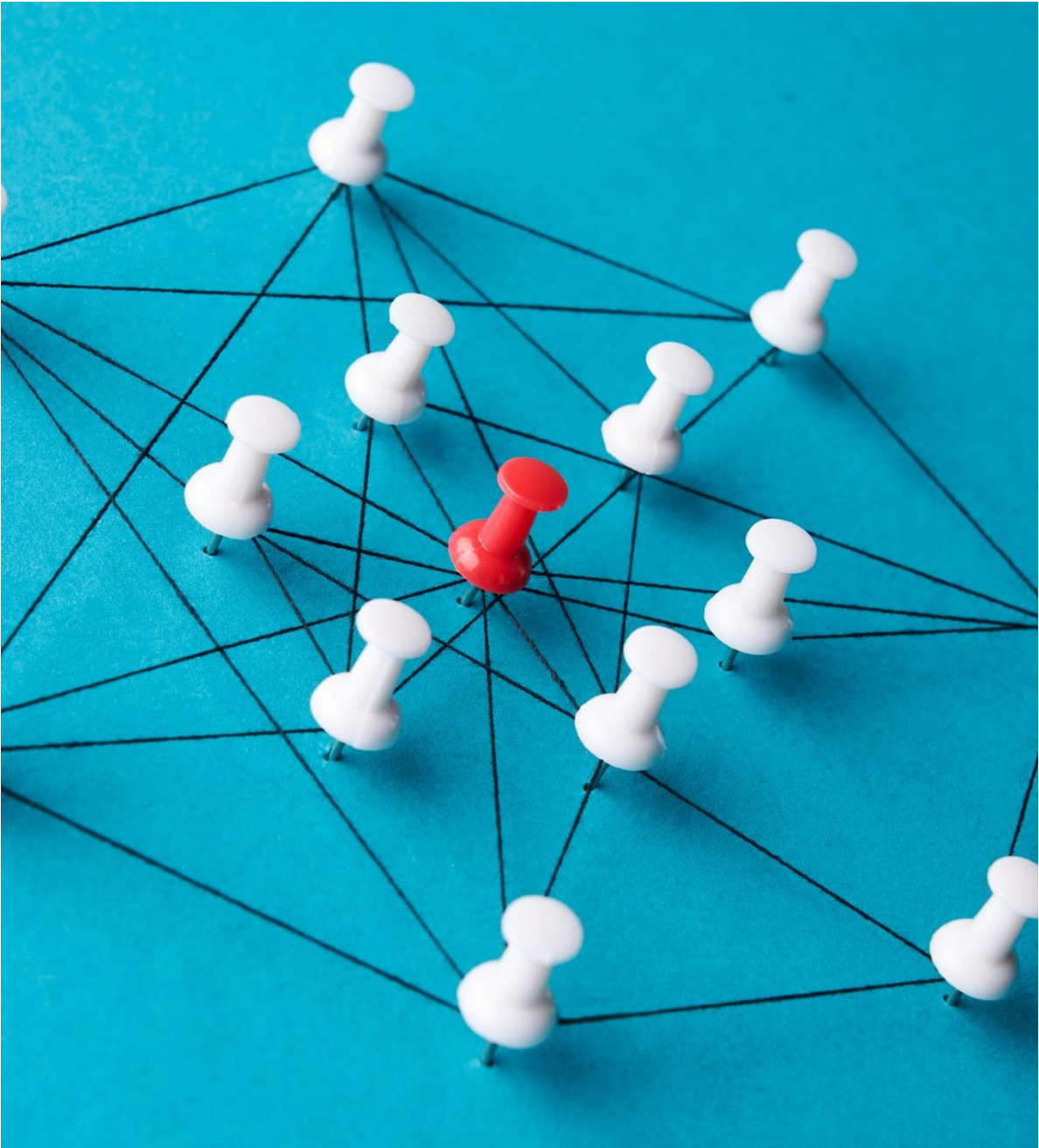
The above situation shows the inherent risk in commercial property ownership and although there has been a £16m fall in value, this would not be realised unless the properties were sold, and we are unaware of any current intention to do so. This is, however, an area that needs to be carefully considered as part of the Council's long-term strategy.

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

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VFM arrangements – Governance

Risks of significant weaknesses in arrangements in relation to Governance

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>Governance arrangements in relation to the financial reporting process</p> <p>Our 2022/23 Audit Completion Report issued in February 2024 raised significant control deficiencies over the Council’s financial reporting arrangements, including, but not limited to, ensuring appropriate arrangements were in place to maintain accurate records on asset valuations (first raised in 2020/21) and a closedown programme with good quality working papers and available evidence. We also raised an “other” recommendation in the Auditor’s Annual Report, also issued in 2022/23 to ensure those recommendations had been implemented.</p> <p>On commencing our work on the 2023/24 financial statements, we experienced ongoing difficulties and as a result we believe there is a risk of significant weakness in the Council’s final reporting processes.</p>	<p>Work undertaken</p> <p>In response to this risk, we considered the Council’s progress in implementing our recommendations from 2022/23 and carried out work on the 2023/24 financial statements.</p> <p>Results of our work</p> <p>Throughout the 2023/24 audit, the issues raised in the prior year continued and these have been explained in the combined Audit Strategy Memorandum and the Audit Completion Report, including:</p> <ul style="list-style-type: none"> • Significant delays in the receipt of audit evidence to support properly valuations • Significant delays in the receipt of working papers and supporting evidence in key areas of the accounts, including information to support the make-up of income and expenditure. • From the work performed, numerous errors in financial statement disclosures. <p>As a result, the Council has not enacted recommendations previously issued and, combined with the issues noted above, is evidence of a significant weakness in the Council’s arrangements for governance and how the body ensures effective processes and systems are in place to support its statutory financial reporting requirements.</p>

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Position brought forward from 2022/23

As set out in the table above, there are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from the previous year.

The Authority's governance structure

Based on our work, we are satisfied that the Council has established governance arrangements, consistent with previous years, in place. These are detailed in the Statement of Accounts and Annual Governance Statement. We have considered both documents against our understanding of the Council as part of our audit. Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear. Minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made.

2023/24 Financial Reporting

Our Audit Completion Report for 2023/24, presented to the February 2025 meeting of the Audit Committee, set out that, although there were no material adjustments to the financial statements, there were difficulties arising in the audit, a large number of changes to disclosures and several recommendations, including one that remained unactioned from previous years.

The Council also failed to approve its financial statements by the backstop date of 28 February due to a failure to understand its own constitutional requirements. We notified the Council in December 2024 of the intention to report by the backstop date and the Council convened an Audit Committee for 27 February to receive all final reports. However, officers failed to realise that the Constitution had been changed in 2024 which meant only Cabinet could approve the financial statements. We were informed that this would be a problem on 20 February 2025, with insufficient time for a Cabinet meeting to be convened in time for the backstop.

Other Recommendation: The Council needs to ensure it properly sets an Audit Committee work plan and timetable to meet its statutory reporting requirements.

2024/25 Budget Setting and the Medium-Term Financial Strategy (MTFS)

The Council's budget setting and medium-term financial planning follows a similar process and format to previous years and our review is supported by discussions with officers during the year and experience from prior year audits. We read the report to Cabinet where a balanced budget was set. We are satisfied that the

reports contain an adequate amount of detail regarding assumptions and that these are not unreasonable. The Council reflects on the limitations of medium-term financial planning through the one-year local government finance settlements.

The table below reproduces the MTFS table:

	2024/25	2025/26	2026/27
Estimated Expenditure	17,652	19,057	20,757
Estimated Income	(17,652)	(17,557)	(13,793)
Estimated Cumulative Funding Gap	-	1,501	6,964
Estimated Annual Funding Gap	-	1501	5,464

Notwithstanding the above, the MTFS highlights significant funding gaps mainly caused by its income assumptions (Council Tax). The Council is not dependent on reserves to balance its budget (although it has significant sums available) and planned savings are relatively inconsequential against the funding gap. In adopting the 2024/25 MTFS (Cabinet, January 2024), this increased to £569k from 2024/25 onwards.

Audit Committee

In our view, good governance forms the foundation of resilient and sustainable organisations and enhances stakeholder confidence. The Council has an established Audit Committee. We have reviewed supporting documents and confirmed the Audit Committee meets regularly. Our attendance at Audit Committee has confirmed during 2023/24 there has been an adequate level of effective challenge.

We have however attended some meetings where the depth of challenge could be improved. Given the increasing complexity in local government finance and financial reporting, including the ambitions of the Council, then the Council should consider whether training and development of Members can be improved and should also reflect on the MHCLG policy paper "[Local authority financial reporting and external audit: government response to the independent review](#)" in December 2020, which included a recommendation that "The governance arrangements within local authorities be reviewed by local councils with the purpose of... consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee."

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Risk management

The Annual Governance Statement is a critical component of the Council's governance arrangements. It is an evidenced self-assessment by the Council on the Council's governance, assurance and internal control frameworks for the financial year. No significant weaknesses in internal control have been identified from our work to date and Internal Audit have not identified or raised any significant concerns. We reviewed the Annual Governance Statements as part of our work on the financial statements with no significant issues arising.

We reviewed the Council's Constitution noting that the Cabinet takes overall responsibility for the risk management strategy and effectiveness of arrangements, whilst the Audit Committee is responsible for providing assurance over the adequacy of the risk management framework and to monitor the effective development and operation of risk management and corporate governance in the Council.

We reviewed agendas of both Cabinet and Audit Committee for 2023/24 for evidence of regular reporting of risk, which showed:

Audit Committee meeting date	Risk Management Update?	Cabinet meeting date	Risk Management Update?
Mar-23	No	Feb-23	No
Jul-23	No	Jun-23	Yes
Nov-23	Yes	Jul-23	No
Feb-24	No	Sep-23	No
Mar-24	No	Nov-23	No
Jul-24	Yes	Jan-24	No
Sept-24	Yes	Feb-24	No
Nov-24	No	Apr-24	Yes

The Audit Committee does receive reports on Corporate Governance, which provides some evidence of arrangements to support governance and risk and the Head of Internal Audit Annual Opinion did not report any significant weaknesses. Our prior year recommendation of no corporate risk register were provided during audit committee is addressed as per table above.

Internal Audit

We have reviewed Internal Audit's reports to the Audit Committee and attended Audit Committee to observe the performance of Internal Audit. We have read the head of internal audit's report for 2023/24 and are satisfied it does not highlight any significant weaknesses in arrangements. We also confirmed that the Head of Internal Audit Opinion has been adequately reflected in the Annual Governance Statement. No issues arose from our review to indicate there is a significant weakness in the Council's arrangements for governance.

Member Conduct

From our review of press articles and meetings with Officers, we are aware of criminal allegations against a Member whose court date set for August 2026. The allegations do not appear to involve Ashfield District Council, however we will revisit this matter on conclusion of the trial.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Position brought forward from 2022/23

As set out in the table above, there are no indications of a significant weakness in the Council's arrangements brought forward from the prior year and the Council's arrangements are not significantly changed since the prior year.

Corporate Plan and Performance Monitoring

The Council's arrangements are consistent with the prior year, which were deemed adequate. The Corporate Plan sits above a wider strategic context which includes the Corporate Project Management Framework, Corporate Performance Indicators and a range of strategic documents relating to the Council and its services, including the Strategic Direction. The performance framework incorporates balanced performance scorecards on place, corporate and service outcomes.

Our review of minutes and reports confirms the Cabinet receive regular reporting on the measures contained within the Council Plan. We reviewed the performance outturn for 2023/24 presented to the Cabinet as evidence of the Council's approach to evaluating performance. In our view, reports contain sufficient narrative, including the appendices, to demonstrate that there are adequate arrangements for scrutiny in assessing performance and identifying areas for improvement.

Local Plan and Planning Performance

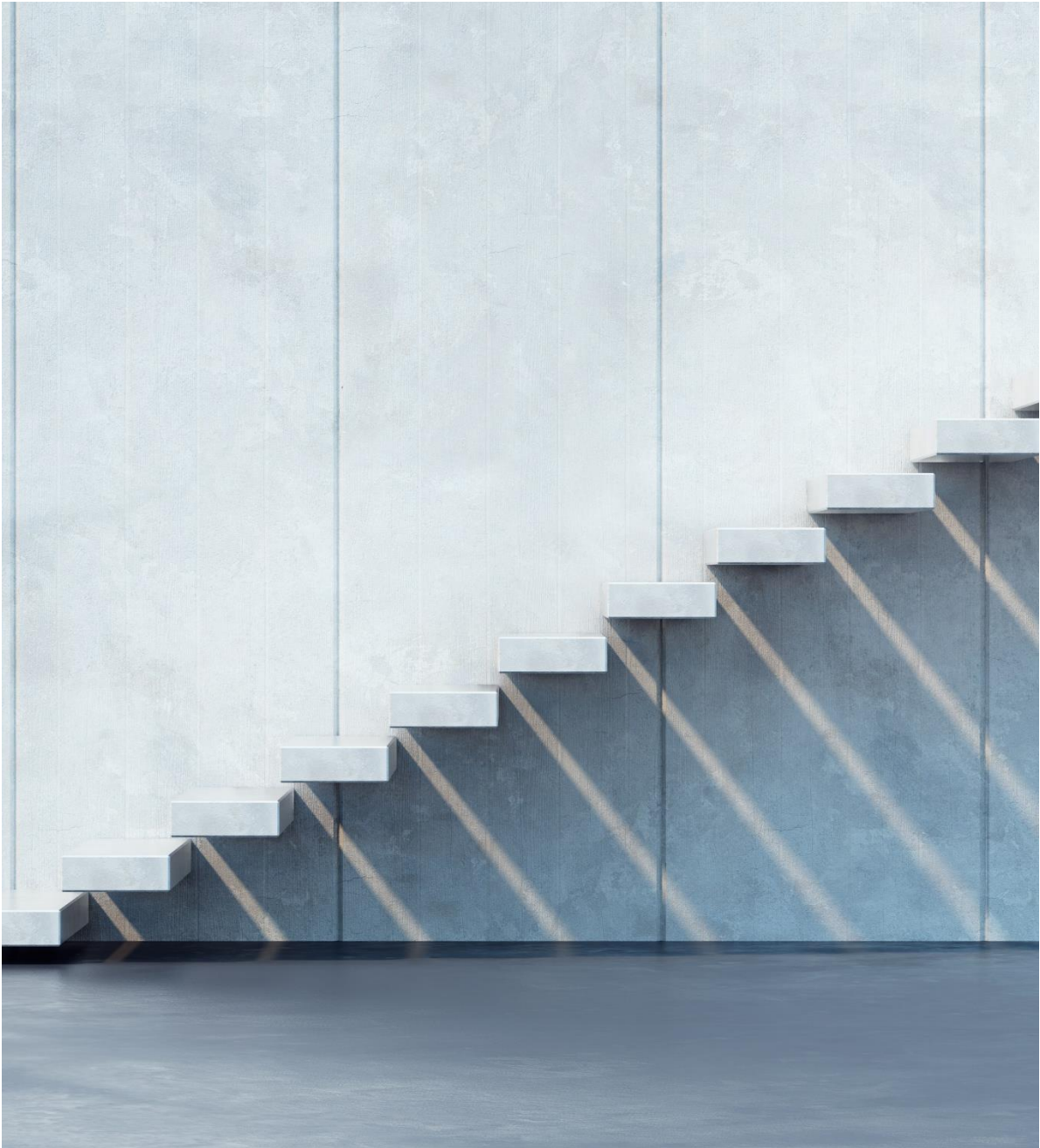
In April 2024 Council submitted its Local Plan to the Planning Inspectorate. In May the Secretary of State appointed Planning Inspectors to conduct an independent examination into the soundness and legal compliance of the Plan. The Council received questions from the inspectors and these were responded to in August 2024. In November 2024 the Examination in Public for Councils Draft Local Plan started with hearings taking place with week 1 of the hearings coming to a close on the 14 November 2024. The Council has until June 2025 to look at an approach to delivering 800 further houses, and it is actively doing so. Due to this continuance we believe that this will also be a VFM matter for 2024/25.

Overall, whilst there is indicator of performance challenges in planning, we judge this to not be an area of significant weakness for the year ending March 2024 as no formal interventions have yet occurred. We also

noted that Internal Audit carried out a review of the planning function, not identifying any significant weaknesses.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement	Our views on the actions taken to date
<p>Governance arrangements in relation to the financial reporting process</p> <p>The Council's 2022/23 draft statement of accounts was published 3 months after the statutory deadline of May 2023. Our 2022/23 Audit Completion Report and Auditor's Annual Report, both issued in February 2024, reported control deficiencies and "other recommendations" respectively, some of which dated back to 2021/22, over the Council's governance arrangements, including, but not limited to, ensuring appropriate arrangements were in place to maintain accurate records on asset valuations and proper arrangements to support the financial reporting closedown, supported by good quality working papers and evidence.</p> <p>The 2023/24 draft statement of accounts was published 3 months after the statutory deadline of May 2024 and our work confirmed the recommendations to address the control weaknesses reported in 2022/23 had not been addressed.</p> <p>Without adequate arrangements to support the production of the financial statements, the Council risks continued non-compliance with its statutory duties in relation to publication of its Statements of Accounts.</p> <p>This is evidence of a significant weakness in the Council's Governance arrangements that could reasonably be expected to expose the Council to a risk of reputational damage and an increased risk of material errors in the financial statements.</p>		●		<p>The Council must implement previously identified recommendations and put in place appropriate arrangements for the effective closedown of its financial statements, including: arrangements for quality control and review; ensuring key estimates and judgements in the financial statements are supported by complete and accurate information, provided on a timely basis; and working papers that support accurate statutory financial reporting that is reflective of the underlying transactions.</p>	<p>N/A. The Council has not had the opportunity to address this recommendation.</p>

VFM arrangements – Prior year significant weaknesses and recommendations

Progress against recommendations made in a prior year

As part of our audit work in previous years, we identified the following weaknesses and made recommendations for improvement in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council’s progress against the recommendations made, including whether the weakness is still relevant in the 2023/24 year.

“Other” Recommendation	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>Page 26</p> <p>Financial Reporting Our Audit Completion Report on the 2022/23 raised recommendations for improvement, which were presented to the February 2024 Audit Committee.</p>	Governance	The Audit Committee should seek direct assurance that the recommendations have been actioned prior to the approval of the draft 2023/24 financial statements. Where actions cannot be implemented, Members need to understand what the impact may be.	Insufficient progress has been made on this recommendation as set out on the previous page. There was a lack of arrangements in place for effective production of the 2023/24 financial statements, including appropriate levels of quality control and ability to respond to queries in a manner that enables the accounts to be concluded in a reasonable time.	Escalated to a significant weakness in the current year as documented on page 21.
<p>2</p> <p>Risk Management The Audit Committee is responsible to ensure that the Authority’s risk identification, measurement and management processes are operating efficiently. No reports on the Corporate Risk Register were provided to the Audit Committee during 2022/23.</p>	Governance	The Audit Committee must receive regular reports on the Corporate / Strategic risks facing the Authority, in sufficient detail to enable it to fulfil its responsibilities under the Constitution. The Audit Committee should consider whether it would benefit from having a forward plan, fully mapped to its terms of reference, is provided by Officers and reviewed at least bi-annually.	The Council ensured that the audit committee is communicated with corporate risk register updates during the year.	Implemented

Other reporting responsibilities

Other reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. This work remains outstanding, whilst we await instructions from the NAO.

Fees for work as the Council's appointed auditor

The scale fees are set by PSAA but there is ongoing discussions around fee levels for backstopped audits.

Area of work	2022/23	2023/24
PSAA's scale fee in respect of our work under the Code of Audit Practice	55,849	159,606
Adjusted fee scale for the backstop		TBC
Additional fees in respect of additional work from the introduction of new auditing standards (ISA 540 estimates)	3,587	N/A
Additional fees in respect of additional work from the introduction of new auditing standards (ISA 315 Risk Assessment)	5,009	8,750
Other additional testing – additional costs as a result of delayed, incomplete and poor quality information in testing property, plant & equipment, access to supporting working papers, extraction of information to enable testing, extent of adjustments, additional control recommendations and reporting	8,703	29,075
Additional fees in respect of the VFM Commentary	7,379	N/A
Additional costs in respect of VFM significant weaknesses, including consultations and reporting and follow up on prior year issues		9,630
Total fees	80,527	TBC

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