

ASHFIELD DISTRICT COUNCIL



Council Offices,
Urban Road,
Kirkby in Ashfield
Nottingham
NG17 8DA

Agenda

Audit Committee

Date: **Monday, 19th October, 2020**

Time: **7.00 pm**

Venue: **[Ashfield District Council's YouTube Channel](#)**

For any further information please contact:

Lynn Cain

l.cain@ashfield.gov.uk

01623 457317

AUDIT COMMITTEE

Membership

Chairman: Councillor David Walters

Councillors:

John Baird
Christian Chapman
Kevin Rostance

Jim Blagden
Arnie Hankin
Dave Shaw

FILMING/AUDIO RECORDING NOTICE

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SUMMONS

You are hereby requested to attend a meeting of the Audit Committee to be held at the time and on the date mentioned above for the purpose of transacting the business set out below.



Carol Cooper-Smith
Chief Executive

AGENDA

Page

1. **To receive apologies for absence, if any.**
2. **Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests.**
3. **To receive and approve as a correct record the minutes of the meeting of the Committee held on 27 July 2020.** 5 - 10
4. **Mazars: Audit Completion Report - Year Ending 31 March 2020.** 11 - 48
5. **Audited Statement of Accounts 2019/20.** 49 - 52
6. **Independent Review into the the oversight of Local Audit and the transparency of Local Authority Financial Reporting.** 53 - 56
7. **Audit Progress Report.** 57 - 76

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AUDIT COMMITTEE

Meeting held on Monday, 27th July, 2020 at 7.00 pm

Present: Councillor David Walters in the Chair;

Councillors John Baird, Jim Blagden,
Christian Chapman, Arnie Hankin,
Kevin Rostance and Dave Shaw.

Officers Present: Bev Bull, Lynn Cain, Ruth Dennis, Peter Hudson
and Mike Joy.

In Attendance: Michael Butler and David Hoose (Mazars).
Mandy Marples and Hannah McDonald (CMAP).
Councillor Rachel Madden

AC.5 Declarations of Disclosable Pecuniary or Personal Interests and Non Disclosable Pecuniary/Other Interests

No declarations of interest were made.

AC.6 Minutes

RESOLVED

that the minutes of the meeting of the Committee held on 29 April 2020, be received and approved as a correct record.

AC.7 MAZARS: Audit Committee Progress Report

Mazars Director, David Hoose, presented the report and provided the Audit Committee with an update on progress in delivering its responsibilities as the Council's External Auditor.

There had been a few changes to working arrangements during the COVID-19 'lock-down' period and other pressures within the local government sector had led to some further changes in relation to audit approaches as follows:

Remote working

Mazars had moved to working remotely on 16 March 2020 and the arrangements had worked reasonably well and were expected to continue throughout upcoming audits and for the near future, including the reporting and closure stages of the audit.

Timetable changes

There had been significant changes to the statutory timetable for the 2019/20 accounts preparation and publication with the statutory deadlines for the

publication of the draft and audited financial statements being changed to 31 August (from 31 May) and 30 November (from 31 July) respectively. Submission of the Audit Completion Reports to the October Audit Committee meeting was still on track with the Auditor's Report being presented before the end of October 2020.

Financial Reporting Issues

A number of key financial reporting issues as a result of the COVID-19 pandemic have emerged over recent weeks and CIPFA's Bulletin 05 on the Closure of the 2019/20 Financial Statements, summarised the key points to be considered. These points would be discussed with management and considered throughout the audit process.

Work on the Significant Audit Risks and the Value for Money Conclusion were continuing as per the agreed timetable and would be reported on further at the October 2020 meeting of the Committee. No concerns had become evident and much of the progress made has been down to the diligence and continued commitment of the Finance Team whilst the lockdown had been in place.

RESOLVED

that the External Auditor's progress report, as presented to Committee, be received and noted.

AC.8 Public Sector Audit Appointments (PSAA): External Audit Fee 2020/21

The Corporate Finance Manager (and S151 Officer) presented the letter to Members and advised that the Audit Scale Fee for 2020/21 had been set at £43,148, the same as the previous year. This was in line with the amount budgeted for 2020/21. In previous years the Council's External Auditor has been required to write to the Council to communicate the fee but for future years, it had been agreed that it was more efficient for Public Sector Audit Appointments (PSAA) to write out to all bodies directly.

Due to the changing environment as a result of the COVID-19 pandemic, a possible fee variation for any additional work undertaken by Mazars might be required but this would require agreement by the PSAA, prior to being implemented.

RESOLVED

that it be noted that the Audit Scale Fee for 2020/21, as advised by the PSAA, had been set at £43,148.

AC.9 Treasury Management - Annual Report 2019/20

Bev Bull, the Council's Chief Accountant, presented the Council's Treasury Management activities for 2019/20, which had been carried out to manage both the Authority's funding and cash flow transactions with the aim of minimising the risks to which the Council was exposed to when borrowing and lending monies.

Members were advised as to the financial markets and the reduction in the base rates due to the pandemic. In respect of the Council's borrowing activities, it was noted that the net debt stood at around £100m at the end of March 2020 with over £13m being repaid within the last financial year. Loan interest payments, performance against prudential borrowing limits and the Council's current investment income were also presented for Members' information.

RESOLVED

that the Treasury Management performance including the compliant prudential indicators, as outlined in the report, be received and noted and recommended to Cabinet for further consideration.

AC.10 Internal Audit Annual Report 2019-20

Mandy Marples, CMAP Audit Manager, presented the Internal Audit Annual Report for 2019/20 and as Chief Audit Executive, had reached an overall opinion that there was currently a 'satisfactory system of internal audit' at the Council. Findings had indicated on the whole, controls were satisfactory and management had been supportive in implementing any suggested enhancements.

The opinion had been formed by having regard for the following:-

- the level of coverage provided by Internal Audit was considered adequate;
- reliance had been placed on other assurance providers who had contributed to the overall assurance framework;
- work had been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the organisation's control environment was operating effectively;
- insights gained from interactions with Senior Management and the Audit Committee;
- the changing risk environment within the Council had been taken into account during the 2019/20 financial year;
- one change was made to the Audit Plan during the year; a People Management audit was removed and the additional time was spent on securing the implementation of outstanding recommendations;
- no adverse implications for the organisation's Annual Governance Statement had been identified from any of the work that Internal Audit has undertaken in 2019-20;
- the 2019-20 Internal Audit Plan, approved by the Audit Committee on 11th March 2019, was informed by Internal Audit's own assessment of risk and materiality in addition to consultation with Senior Management to ensure it aligned to the organisation's key risks and objectives.

There had been some obvious delays with a couple of the audits due to the COVID-19 outbreak, but of the 17 completed assignments, 14 had attracted either a Comprehensive or Reasonable assurance rating with 2 given a Limited assurance rating. The piece of work which had been undertaken on Anti-Fraud could not be assigned an assurance rating due to the nature of the review.

Arising from the completed assignments a total of 98 recommendations were made, 62 of which were categorised as low risk, 36 were considered to be a moderate risk with none presented as a significant risk or critical finding.

Members were asked to note that the 'assurance ratings' would look slightly different in next year's annual report as CMAP were due to adopt some changes to their ratings definitions in line with recent guidelines.

RESOLVED

that the 2019/20 Annual Report of Internal Audit and Internal Audit Opinion that supports it, be received and noted.

AC.11 Audit Progress Report

Hannah McDonald, CMAP's Group Auditor, presented the report and summarised audit progress between 4 December 2019 and 9 July 2020, with 7 assignments having being completed during that time.

The People Management audit was removed from the 2019/20 plan to allow for additional time to be spent on recommendation follow up work so the review has been reintroduced to the 2020/21 Audit Plan for completion.

Members acknowledged that it was highly likely that the delivery of the 2020/21 Audit Plan would be affected in some way by the Covid-19 pandemic and the anticipated audit work on the Business Support Grants has already been introduced and commenced.

Members were advised that of the 7 completed assignments, 2 had received a comprehensive assurance rating with the remaining 5 receiving a reasonable rating.

In relation to the outstanding moderate and low risk recommendations, many officers, due to COVID-19 lockdown, had requested more time to implement their assigned actions. Extensions had been granted but it remained imperative that the issues were addressed and mitigating actions implemented without too much further delay.

Members considered and discussed the list of outstanding recommendations for the various service areas and acknowledged that the outstanding recommendation from the former Ashfield Homes Limited had now been satisfactorily implemented and closed down.

RESOLVED

that audit assignment progress as at 9 July 2020, as presented to Committee, be received and noted.

The meeting closed at 7.37 pm

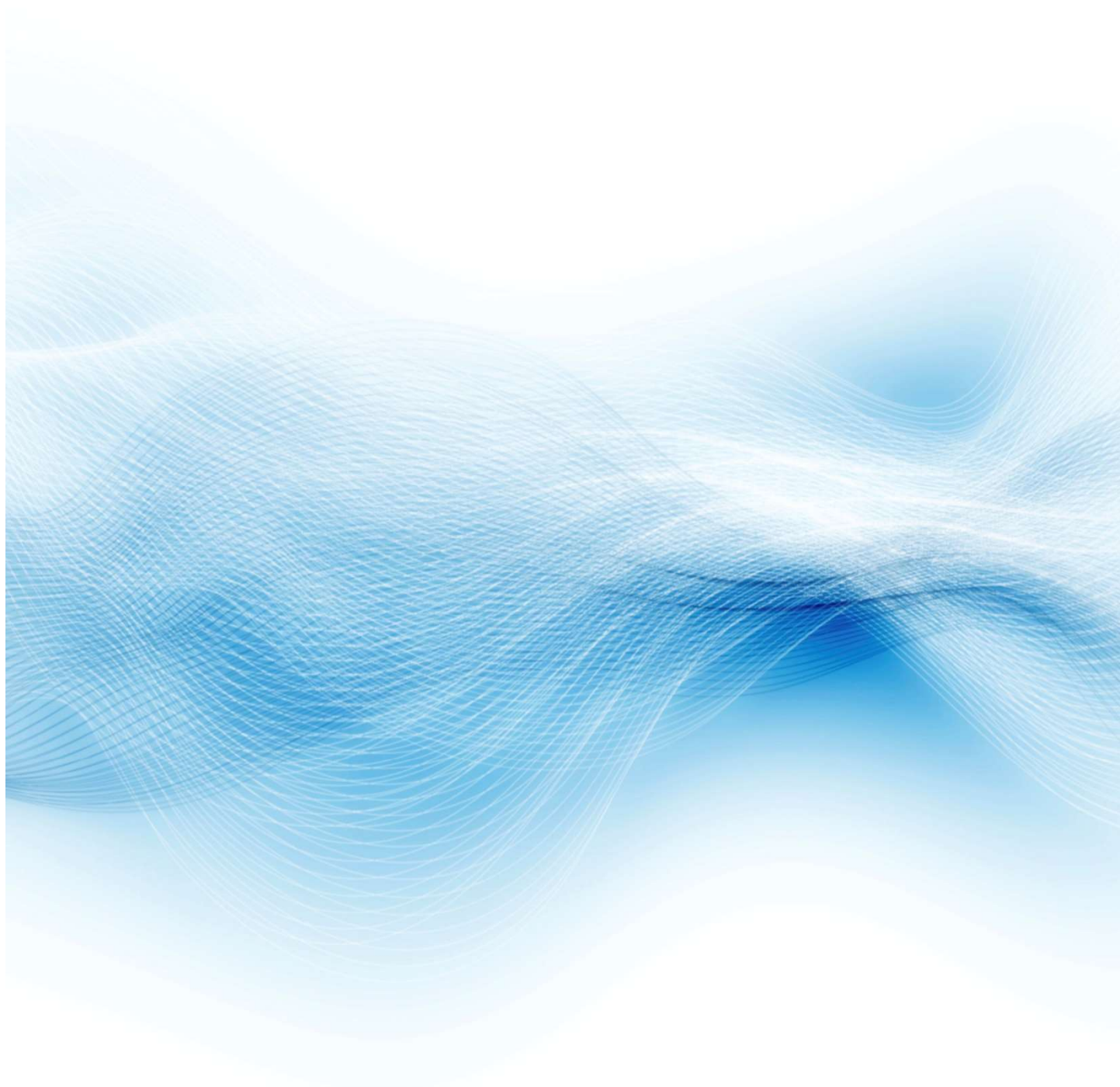
Chairman.

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Audit Completion Report

Ashfield District Council
Year ending 31 March 2020





CONTENTS

1. Executive summary
2. Significant findings
3. Internal control recommendations
4. Summary of misstatements
5. Value for Money conclusion

Appendix A – Draft management representation letter

Appendix B – Draft auditor’s report

Appendix C – Independence

Appendix D – National publications

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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Audit Committee

Council Offices
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NG17 8DA

9 October 2020

Dear Members

Audit Completion Report – Year ended 31 March 2020

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum dated February 2020 which we presented on 10 February 2020. Since we issued our Audit Strategy Memorandum the UK has been subject to the challenges and restrictions of COVID-19. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

One implication of COVID-19 for the Council was that the deadlines for submission of the draft and audited financial statements were pushed back to 31 August and 30 November respectively. Despite the revised deadlines we acknowledge the difficulties encountered by your team during accounts preparation and audit, and would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0115 964 4744.

Yours faithfully



David Hoose
Mazars LLP

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VAT number: 839 8356 73



1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of Ashfield District Council ('the Council') for the year ended 31 March 2020, and forms the basis for discussion at the Audit Committee meeting on 10 February 2020.

The detailed scope of our work as your appointed auditor for 2019/20 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of control
- Valuation of property, plant and equipment and assets held for sale
- Valuation of net pensions liability

Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money conclusion

We anticipate concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report, including proposed conclusion, is provided in Appendix B.

Whole of Government Accounts (WGA)

We anticipate completing our work on your WGA submission, in line with the group instructions issued by the NAO, by the required deadline.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We have received no such objections or questions. Further details on the exercise of our wider powers are provided in section 2.

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements and Value for Money conclusion for the year ended 31 March 2020. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Whole of Government Accounts (WGA)	●	NAO Group Instructions for local authority 2019/20 audits are not yet available and WGA returns and audit certificates cannot be issued at the present time.
Audit Quality Control Completion Procedures	●	Our audit work is undergoing final stages of review by the Engagement Lead. In addition, there are residual procedures to complete, including agreeing the expected amendments to the final Statement of Accounts, updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.
		No material issues have been identified from the work carried out to date.
Pensions	●	Part of our assurance over the net pensions liability is derived from specified procedures commissioned from the external auditors of the Nottinghamshire Pension Fund. We are yet to receive their final report over the procedures we are seeking assurance over for our consideration.
Property, plant and equipment	●	We identified an adjustment required to the financial statements in regards to Investment Property valuations. We are consulting on the form of the audit opinion wording that should be used against the backdrop of COVID-19. We currently expect that an adjustment is needed to the financial statements in relation to 'material uncertainty' in property valuations caused by Covid19 and this in turn will lead to an emphasis of matter paragraph in the audit opinion. We say more on this at page 6.

Status

- 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

We will provide the Audit and Accounts Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2020. We have not made any changes to our audit approach since we issued our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £1,740k for the Council's single entity financial statements using a benchmark of 2% of Gross Operating Expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £1,715k for the Council's single entity financial statements, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the Audit and Accounts Committee), at £51k for the Council's single entity financial statements based on 3% of overall materiality.

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

2. SIGNIFICANT FINDINGS

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 10 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risk

Description of the risk

Management override of controls

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting on amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention in relation to management override of controls.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Valuation of property, plant and equipment

Land and buildings are a significant balance on the Council's balance sheet.

The valuation of land and buildings is complex and is subject to a number of management assumptions and judgements.

Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.

This risk covers:

- HRA Council Dwellings
- Investment Properties
- Other PPE related assets

How we addressed this risk

We addressed this risk through performing the following audit work:

- critically assessed the Council's valuers scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
- considered whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
- assessed whether valuation movements are in line with market expectations by using third party information provided by Gerald Eve to provide information on regional valuation trends;
- critically assessed the treatment of the upward and downward revaluation movements in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;
- critically assessed the approach that the Council adopts to ensure that assets are not subject to revaluation in 2019/20 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers; and
- tested a sample of items of capital expenditure, disposals and reclassifications (where balances are material) to confirm that the amounts used and accounting treatment applied is appropriate in line with the CIPFA Code of Practice

Audit conclusion

The procedures we have undertaken have not identified to date any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention except for one adjustment made in regards to Investment Property revaluations.

We identified a total of 2 assets, were incorrectly accounted for as gross (should be accounted net of stamp duty and legal costs) in regards to the upward/ downward revaluation movement at year-end. Resulting in an overstatement of assets as at 31st March 2020. Discussions were held with management and it was concluded that an adjustment of £581k was required. Refer to page 13 for the adjustments made.

At the outset of the Covid19 outbreak, set out an expectation that valuers are likely to conclude that there is "material uncertainty" over the valuation of land and buildings at the balance sheet date. The Council's valuers have followed guidance issued by the Royal Institute of Chartered Surveyors and as expected their valuation reports conclude that, due to the impact of COVID-19 on the property market, there is "material uncertainty" over the valuation of land and buildings and investment properties at the balance sheet date. This has currently only been disclosed in the Critical Judgement note and an adjustment is required to the PPE Note for consistency. We expect, in line with normal practice, to include reference to this disclosure as an 'emphasis of matter' in our audit report. Our draft Auditor's Report at Appendix B includes the 'emphasis of matter' paragraph we expect to include.

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Valuation of net pensions liability

The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet.

The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits.

Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.

How we addressed this risk

We addressed this risk through performing the following audit work:

- critically assessed the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary;
- liaised with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;
- tested payroll transactions at the Council to provide assurance over the pension contributions which are deducted and paid to the Pension Fund by the Council;
- reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by PWC and consulting actuary engaged by the National Audit Office; and
- agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.

Audit findings to date

The procedures we have undertaken to date have not identified any material errors or uncertainties in the financial statements.

Part of our assurance over the net pensions liability is derived from specified procedures commissioned from the external auditors of the Nottinghamshire Pension Fund. We are yet to receive their final report over the procedures we are seeking assurance over for our consideration and how these findings may impact our audit opinion. An update will be provided to members as part of our Annual Audit Letter.

In July 2019, MHCLG consulted on the proposed remedy for the 'McCloud' and 'Sergeant' cases. This indicates that the approach adopted for 2018/19 and 2019/20 was likely to have led to an overstatement of the pension fund liability as at 31 March 2020. Management has obtained an updated notification from the Actuary for these matters and no adjustment is required to the financial statements.

A second emerging issue is the Goodwin case that was brought against the Secretary of State for Education earlier this year regarding discrimination owing to sexual orientation in the Teachers' Pension Scheme. MHCLG have commissioned Government Actuary Department to undertake a review of the potential impact and at a local level, there is an additional risk to evaluate as to whether the scheme is misstated. Management has liaised with the Pension Fund and its actuary and taken the view that this matter would not have a material impact on its estimated net pension liability valuation and it is not reflected in the Statements.

We will update the Audit Committee if any significant reporting issues emerge from these areas.

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

2. SIGNIFICANT FINDINGS (CONTINUED)

Management judgement

Provision for the impairment of doubtful debts

Description of the management judgement

Given the current economic climate, there is a level of uncertainty to the appropriateness of the Council's doubtful debt provision.

This could result is an overstatement of receivables.

How our audit addressed this area of management judgement

We addressed this area of management judgement through performing the following audit work:

- reviewed the level of reported debt as at 31 March and consider the implications for any material change;
- ensured that management's methodology for calculating the provision has been consistency applied and is in line with the requirements of the Code;
- tested the collectability of both significant and a sample of other non-significant debtor balances; and
- re-performed the basis of the calculation for the impairment of debtors.

Audit conclusion

The procedures we have undertaken have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention.

Management judgement

Business rate appeals provision

Description of the management judgement

Due to the timing of appeals and the process itself, management have to make an assumption over the likelihood of these appeals being successful. Therefore, the provision contains a level of judgement and associated risk.

This could result an understatement of liabilities.

How our audit addressed this area of management judgement

We addressed this area of management judgement through performing the following audit work:

- reviewed the basis of the Council's calculation of its provision by recalculating the provision, evaluating the key assumptions of the provision, vouching movements in the provision and confirming completeness of entries;
- assessed whether the provision has been calculated and recorded in accordance with the Council's accounting policy;
- assessed whether the amount provided as at 31 March is appropriate, taking in to consideration the Council's anticipated actual liability; and
- assessed whether the reconciliation of movements during the period and description of the nature of the provision have been adequately disclosed in the financial statements.

Audit conclusion

The procedures we have undertaken have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention.

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

2. SIGNIFICANT FINDINGS (CONTINUED)

Management judgement

Minimum revenue position (MRP)

Description of the management judgement

Local authorities are required each year to set aside part of their revenues as a provision for debt in respect of capital expenditure financed by borrowing or long term credit arrangements.

The amount set aside is not prescribed and statutory guidance is available for the Council to adopt and interpret.

Therefore, the provision contains a level of judgement and associated risk.

How our audit addressed this area of management judgement

We addressed this area of management judgement through performing the following audit work:

- reviewed the Council's MRP policy to ensure that it has been developed with regard to the statutory guidance and assess for any change;
- assessed whether the provision has been calculated and recorded in accordance with the Council's policy;
- assessed whether the amount provided for the period is appropriate, taking in to account the Council's Capital Financing Requirement; and
- confirmed that any charge has been accounted for in accordance with the Code.

Audit conclusion

The procedures we have undertaken have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council in advance of the 31 August deadline and were of a good quality. These were supported by working papers of a good standard and represents a significant achievement by the finance team.

Significant matters discussed with management

Due to the impact of Covid-19 on the Council's business the following additional financial reporting challenges requiring additional audit procedures and testing have been noted and discussed with management:

- **Valuation Uncertainty**
RICS guidance has been issued which indicates that valuers are likely to conclude that there is "material uncertainty" over the valuation of land and buildings and investment properties at the balance sheet date.
- **Going Concern**
The Council's going concern status is confirmed through the 2019/20 local government accounting code, and must also follow International Accounting Standard (IAS) 1: Presentation of financial statements. We must comply with a revised ISA (UK) 570 Going Concern, effective for periods commencing on or after 15 December 2019. The above, combined with the impact of Covid-19, means an additional level of scrutiny is required over the going concern assertion in 2019/20. In particular management's explicit considerations of whether the financial statement disclosure for going concern should more explicitly describe the impact of Covid-19.

This is also a matter for consideration as part of our work on the value for money conclusion.

- **The Charlecote Pheasant Hotel**
We have discussed the insolvency of Shearing's with management and the potential impact this may carry on the financial statements and VFM conclusion. No adjustment has been made to the financials', however a Post Balance Sheet Event disclosure has been included to ensure full transparency.
- **Sources of estimation uncertainty, including pension fund assets and liabilities**
The Council is required to provide disclosures regarding the key sources of estimation uncertainty that management has made in preparing the financial statements, specifically those with a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the ensuing financial year.
- **Pensions: McCloud and Goodwin**
In July 2019, MHCLG consulted on the proposed remedy for the 'McCloud' and 'Sergeant' cases. This indicates that the approach adopted for 2018/19 and 2019/20 is likely to have led to an overstatement of the pension fund liability as at 31 March 2020.
The Goodwin case brought against the Secretary of State for Education earlier this year regarding discrimination owing to sexual orientation in the Teachers' Pension Scheme. MHCLG have commissioned Government Actuary Department to undertake a review of the potential impact and at a local level, there is an additional risk to evaluate as to whether the scheme is materially misstated
The Council is required to provide disclosures regarding the key sources of estimation uncertainty that management has made in preparing the financial statements, specifically those with a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the ensuing financial year.

We have therefore needed to consider the implications arising from the above issues as part of our testing, conclusions and reporting.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties.

During the ongoing coronavirus situation, Mazars has implemented clear and decisive measures to ensure the welfare of our people and clients while ensuring that we continue to deliver for those who rely on us. Remote working has meant the audit is not as efficient as we would like or expect, including an extended period of query resolution. This is consistent across all our clients and a reflection of the impact of Covid19.

Management have been under substantial pressure to deliver against many competing priorities since March 2020 and we want to extend our thanks to the finance team for their positive support and co-operation during the course of the audit.



2. SIGNIFICANT FINDINGS (CONTINUED)

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability 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 law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2019/20 audit.

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 have not received any questions or objections.

3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

No new deficiencies have been identified as part of the 2019/20 financial audit, however, one prior year control deficiency remains open and still needs to be addressed. See below for further information.

Follow up of previous internal control points

We set out below an update on internal control points raised in the prior year:

Description of deficiency	Potential effects	Recommendation made	Management response	Mazars commentary
Through our bank testing it was identified that the working paper to support the reconciliation of the cash figures could not be immediately reconciled. This resulted in a difference at year-end between bank accounts and ledger on the supporting working paper by £84. The Council has since identified the reconciling item but the exercise should be completed at the year-end.	Working papers which don't reconcile can cause delays.	The Council should ensure that supporting working papers agree to the bank and ledger and that reconciling items are investigated promptly.	Agreed.	No issues have been identified through our testing of the 2019/20 cash figures and supporting reconciliation/s. This control recommendation can now be closed.
Due to the local elections in May, five former Members failed to return their related party declarations.	Related party declarations could be incomplete.	Whilst there are extenuating circumstances in an election year, the Council should ensure that it has all related party returns in future years.	Agreed.	No issues have been identified as part of our current year work. All declarations have been received and therefore, this control recommendation can now be closed.
During our property, plant and equipment testing, we identified some land that the Council owns but that was not formally registered with the land registry.	The Council is open to disputes over unregistered land.	The Council is undertaking an exercise to register all its land with the land registry and should conclude this as soon as possible	Agreed.	Unfortunately, this control recommendation has not been achieved, due to the recent COVID19 pandemic, the exercise has been halted. We have undertaken alternative procedures to gain the assurance required, however, this will continue forward and be monitored throughout the 2020/21 financial audit.

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £51k.

The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2019/20

We have not identified any misstatements that management has decided not to adjust.

Adjusted misstatements 2019/20

We identified one misstatement above our trivial threshold in relation to Investment Property revaluations, that management has agreed to amend. This amendment decreased the valuation of investment properties in the balance sheet by £581k, which passes through the Comprehensive Income & Expenditure Statement (CIES) but is reversed out in Movement in Reserves Statement (MIRS) to the Capital Adjustment Account and Revaluation Reserve in the Balance Sheet, and therefore does not impact on the in-year surplus for 2019/20.

For completeness we report all of these in the table below:

	Comprehensive Income and Expenditure	Movement in Reserves Statement	Balance Sheet - Fixed Assets	Balance Sheet - Unusable Reserves
Impairment and Revaluation Adjustment	581,238.00		-581,238.00	
Reverse Impairment and Revaluation - for funding basis		-581,238.00		581,238.00

Disclosure amendments

In addition to the above numerical errors that relate directly to the primary statements or their related notes, our audit also identified a small number of errors and adjustments in relation to other disclosures. These have been discussed with management who have agreed to the amendments and includes:

- a paragraph has been included within the draft financial statements in relation to Material Uncertainty around the Council's Property, plant and equipment as at 31st March 2020;
- the Investment income note has been updated to reflect the actual position of the Council;
- at the time of the production of the draft statements, the Council used estimates in regards to the Collection fund. Actual's have since been received and the statements updated accordingly;
- a comparative figure in Note 17e has been updated to reflect £0, in line with the 2018/19 audited financial statements;
- figure/ amount contained in Note 26d has been split/ analysed to ensure the data is more reflective; and
- the paragraph has been updated within the financial statements in relation to the insolvency of Shearing's (Post Balance Sheet Event), ensuring full transparency to reader's of the accounts.

5. VALUE FOR MONEY CONCLUSION

Introduction

We are required to form a conclusion as to 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 in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.'

To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Our approach

Our overall approach is set out in our Audit Strategy Memorandum and involves a detailed risk assessment at the planning stage to identify whether or not a Value for Money (VFM) risk exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. As set out in our Audit Strategy Memorandum, for the 2019/20 financial year, we identified the following significant risks to our VFM work:

- Financial Sustainability – Sustainable resource deployment
- Commercialisation of Investment Properties strategy – Informed decision making

Our overall Value for Money conclusion

We have completed our procedures and based on the work performed, we are satisfied that the Council's arrangements, for the year ended 31 March 2020, are adequate. As set out in our draft auditor's report included at Appendix B, we intend to issue an unqualified Value for Money conclusion for the 2019/20 financial year.

Description, planned response and work undertaken to date has been detailed on the following pages.



5. VALUE FOR MONEY CONCLUSION

Risk:	Financial Sustainability – Sustainable resource deployment
Description	<p>The continued financial pressure that all Local Government bodies are facing; both locally and within the wider sector are well documented. There is an increased/ significant pressure on bodies to identify cost saving measures to ensure a balanced budget, whilst dealing with a significant decrease in grant funding and an increase in service demand.</p> <p>The Council have reviewed their budgets under their current medium term financial plan arrangements with the expectation of obtaining a balanced budget for 2020/21, whilst currently identifying a gap for the following financial years (although the Council has strategies in place going forward to address this gap).</p> <p>The budget is based on a number of assumptions and holds a level of risk to whether the Council will be able to generate additional revenues or deliver any cost savings that are crucial in order to meet and deliver the associated budget gap.</p>
Planned response	<p>We will critically review whether the Council has arrangements in place to ensure financial sustainability, specifically that the Medium Term Financial Plan (MTFP) has duly taken in to consideration the latest available information on factors such as:</p> <ul style="list-style-type: none"> • funding reductions; • business rates reform; • fair funding; • salary and general inflation; • demand pressures • restructuring costs; and • sensitivity analysis given the degree of variability in the above factors. <p>We will review the delivery of savings in 2019/20 and progress to identify savings for 2020/21 and future financial years, to understand and evaluate the financial impact on the Council's revenue reserves.</p> <p>We will also review any strategy's that the Council have in place to reduce the budget gap and ensure that these appear reasonable and in line with the Council's expected activities.</p>
Results	<p>We performed the tasks in line with our planned response. We also reflected on the impact of Covid19, which was limited to the last two weeks of March 2020.</p> <p>The Council's revenue outturn for 2019/20 was a £2,666k underspend. Mainly through £4,330k additional income, offset by £1,721k additional spending on supplies and services. The variance on income was mainly through additional government grants, such as the Apprenticeship Levy and Rapid Rehousing Pathway, that will be matched to expenditure in 2020/21. Expenditure variances were mainly caused by contractor payments linked to additional grant income during the year. The Council's financial performance, as laid out in the 2019/20 financial statements, led to:</p> <ul style="list-style-type: none"> • General fund reserves increasing from £6,116k to £6,713k • Earmarked revenue reserves also increasing, from £7,885k to £9,670k • The Council's Housing Revenue Account also remains positive with reserves of £36.871k as at 31 March 2020. <p>The Council's MTFP was updated in February 2020 as part of the pre-Covid19 budget for 2020/21. It showed</p> <ul style="list-style-type: none"> • <i>Projected general fund reserves for 2020/21 will be £8,842k, which sees a net contribution to reserves of £689k</i> • <i>Estimated funding gap for 2020/21 currently stands at £nil</i> <p>The Council recognises the need to revisit the MTFP as a result of Covid19, including the profiling of expenditure reduction and income generation schemes.</p>
Conclusion	<p>We are satisfied that the Council's arrangements are adequate.</p>

5. VALUE FOR MONEY CONCLUSION

Risk:	Commercialisation of Investment Properties strategy – Informed decision making
Description	<p>The Council has identified the use of its capital and treasury activities as a way of establishing a new income stream and in turn obtaining additional revenue over a number of financial years. The Council has made a number of material purchases over the past 12 months (worth a total £39m), with the potential investment of around £23m in 2020/21 in addition to what has already been spent (£3.3m spent to date for 2020/21). Whilst the investment strategy is projected to deliver financial returns for the Council (both revenue and capital), the strategy represents a significant monetary value and exposure to risk that may have not been anticipated or carefully evaluated.</p> <p>Risk factors include:</p> <ul style="list-style-type: none"> insufficient commercial investment experience, including both the property and the wider market itself; and poor investment decisions due to the controls and processes currently in place (i.e. Due Diligence).
Planned response	<p>We will critically review whether the Council has:</p> <ul style="list-style-type: none"> exposed itself to too much financial risk through its borrowing and investment decisions; ensured that it has been mindful of changes in the accounting and regulatory environment when undertaking any sensitivity analysis as part of its investment decision making process; ensured that an appropriate level of legal and due diligence work has been undertaken prior to making specific investment decisions; responded appropriately to the revised Statutory Guidance on Local Government investments, to ensure that there is appropriate transparency to understand the exposure that the Council has a result of its borrowing and investment decisions; and ensured that Members have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.
Results	<p>We performed the tasks in line with our planned response, which included a substantial level of professional challenge to management over the arrangements it had in place during 2019/20. We also reflected on the impact of Covid19, which was limited to the last two weeks of March 2020. As part of our findings, we noted:</p> <ul style="list-style-type: none"> Original Commercial property investment strategy has been updated for 2019/20. Document confirms strategy that was taken to Council and approved in September 2019. Strategy has been updated to take in to consideration new guidance available in the sector. Properties purchased in 2019/20, were purchased after the approval of this strategy. The Council updated its yield net percentage when assessing the commercial return on a potential investment. The yield was reduced 1% to reflect the increase in borrowing rates from PWLB. This reduces the built0in risk premium to any investment, which has been, and will continue to be, stress-tested by Covid19. The Audit Committee received training on Treasury Management by the external treasury management advisors Link in December 2019. The Audit Committee also receive performance reports on the Commercial Properties and both Audit Committee and Cabinet received reports on the investments strategy and performance indicators established for 2020/21 in February 2020 and had the opportunity to ask questions. <p>Our considerations and findings were also discussed at a national consistency panel to provide an additional level of rigour. We are in the process of finalising these results and the impact where applicable to the VFM conclusion, we will update members as part of our Annual Audit Letter.</p>

5. VALUE FOR MONEY CONCLUSION

Risk: Commercialisation of Investment Properties strategy – Informed decision making	
Conclusion	<p>We are satisfied the Council's arrangements for 2019/20 are adequate.</p> <p>We note, however, that the level of risk attached to the use of public monies in following this strategy has significantly increased for 2020/21 and onwards. The economic uncertainty caused by Covid19 increases the risk profile attached to the Council's strategy. Further, there has been wider criticism and comment on how local authorities have pursued this strategy, including a specific review by The Public Accounts Committee (13 July 2020), which expressed significant concerns over local authority investments in commercial property and has made a series of recommendations, including:</p> <ul style="list-style-type: none">• Further strengthening of guidance and the prudential framework• Further strengthening of local governance arrangements. <p>We have therefore made a recommendation for the Audit Committee to track and monitor implementation of.</p>
Recommendations	<p>The Council should revisit its commercial investment strategy to take account of the economic impact of Covid19, the potential changes in governance and regulation, and make a formal decision to acknowledge its risk appetite given the changing circumstances.</p>

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

[Date]

Dear Sirs

Ashfield District Council - audit for year ended 31 March 2020

This representation letter is provided in connection with your audit of the financial statements of Ashfield District Council (the Council) for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Corporate Finance Manager (& Section 151 Officer) that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Corporate Finance Manager (& Section 151 Officer) for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council and Group involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the to you the requirements of the Code and applicable law.

I have disclosed identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Covid-19

We confirm that we have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements (if applicable)

I confirm that the effects of the uncorrected misstatements identified at the appendix to this letter are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

APPENDIX B

DRAFT AUDITOR'S REPORT

Independent auditor's report to the members of Ashfield District Council

Report on the financial statements

Opinion

We have audited the financial statements of Ashfield District Council ('the Council') for the year ended 31 March 2020, which comprise the Council Comprehensive Income and Expenditure Statements, the Council Movement in Reserves Statements, the Council Balance Sheets, the Council Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Ashfield District Council as at 31st March 2020 and of the Council's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of land, buildings and investment properties

We draw attention to note 4 in the General Notes to the Accounts, which describes the effects of the Covid-19 pandemic on the valuation of the Council's land, buildings and investment properties. As disclosed in note 4 of the General Notes to the Accounts, the Council's valuers included a 'material valuation uncertainty' declaration within their reports as a result of the Covid-19 pandemic creating a shortage of relevant market evidence on which to base their judgements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporate Finance Manager's (& Section 151 Officer) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporate Finance Manager (& Section 151 Officer) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Corporate Finance Manager (& Section 151 Officer) is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Corporate Finance Manager (& Section 151 Officer) for the financial statements

As explained more fully in the Responsibilities of the Chief Finance Officer, the Corporate Finance Manager (& Section 151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Corporate Finance Manager (& Section 151 Officer) is also responsible for such internal control as the Corporate Finance Manager (& Section 151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Corporate Finance Manager (& Section 151 Officer) is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Corporate Finance Manager (& Section 151 Officer) is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Ashfield District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Ashfield District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

Responsibilities of the Council

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

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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 of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Use of the audit report

This report is made solely to the members of Ashfield District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of Ashfield District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

David Hoose

For and on behalf of Mazars LLP

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

November 2020

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

APPENDIX C INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

APPENDIX D

SUMMARY OF NATIONAL PUBLICATIONS

This section of our report contains national publications which may be of interest to Members, including recent publications in respect of Covid-19.

There have been many different briefings across different sectors, in respect of the emerging crisis and more are being published on an on-going basis. This summary does not intend to provide an exhaustive list of all recent publications, but to provide an overview of key areas.

Within Mazars, we liaise with the regulators for your sector on a regular basis and this will continue during the coming periods, so that we ensure we are up-to-date with emerging issues; we feed back any messages as part of on-going two-way communications.

	Publication/update	Key points
Financial Reporting Council and other regulators		
1.	Statement in respect of current situation	Highlights the impact for auditors and organisations and also the likelihood of an increase in modified opinions.
Chartered Institute of Public Finance and Accountancy (CIPFA)		
2.	Financial Scrutiny Practice Guide , 25 June 2020	Guidance on financial scrutiny in local government.
3.	CIPFA BULLETIN 05: Closure of the 2019/20 Financial Statements, 30 April 2020	This is technical guidance for those preparing financial statements.
National Audit Office (NAO)		
4.	Guide for audit and risk committees on financial reporting and management during COVID-19, 24 June 2020	NAO Guidance for Audit and Risk committees during the pandemic.
5.	Investigation into remediating dangerous cladding on high-rise buildings, 19 June 2020	NAO report on addressing the issues with building cladding following the Grenfell fire.
6.	Auditor Guidance Note (AGN) 03 – Auditors’ Work on Value for Money Arrangements, June 2020	NAO consultation on the detailed new guidance for auditors in relation to VFM work from the 2020/21 audit.
7.	Readying the NHS and adult social care in England for COVID-19, 12 June 2020	NAO’s second publication considering the Government response to COVID-19.
8.	Managing Private Finance Initiative (PFI) assets and services as contracts end, 5 June 2020	NAO report on managing PFI contracts.
9.	Overview of the UK government’s response to the COVID-19 pandemic, 21 May 2020	NAO’s first publication considering the Government response to COVID-19.
10.	Code of Audit Practice	New Code governing work of auditors, applying from 1 April 2020 for 2020/21 audit year and beyond.

APPENDIX D

SUMMARY OF NATIONAL PUBLICATIONS

	Publication/update	Key points
Public Sector Audit Appointments (PSAA)		
11.	PSAA Publishes Findings of Audit Survey, 7 May 2020	PSAA client survey. We are delighted that these results show that Mazars has performed very well in its own right, and also in comparison to the other firms in the sector.
12.	Independent analysis of the outcomes of electors' objections, 15 April 2020	Analysis of objections.
13.	News release: Q&As, 9 April 2020	PSAA seeks to answer questions raised in the 2020/21 scale fee process.
14.	2020/21 audit fee scale, 31 March 2020	Scale fees set for 2020/21 at same level as 2019/20, but PSAA indicates likely upward pressure on audit fees for both years.
15.	Independent review of the sustainability of the local government audit market, 4 March 2020	PSAA publishes an independent review.
Ministry for Housing, Communities and Local Government (MHCLG)		
16.	Comprehensive new funding package for councils to help address coronavirus pressures and cover lost income during the pandemic, 2 July 2020	Latest funding package to assist local government to deal with the impact of the pandemic.
17.	Coronavirus (COVID-19): guidance for local government, 1 July 2020	Summary of all the guidance available for local government.
18.	Local authority COVID-19 financial impact monitoring information, 21 June 2020	Summary of information gathered to assess the financial impact of the pandemic on local government.
19.	Addressing cultural and governance failings in local authorities: lessons from recent interventions, 16 June 2020	Lessons to be learned from Government intervention in local authorities.
20.	Local government procurement: fraud and corruption risk review, 8 June 2020	Local government procurement fraud and corruption risk review provides advice on how councils can strengthen their processes and implement prevention measures.
21.	Emergency funding, 30 March 2020 and 28 April 2020	Two tranches of emergency funding to support local authorities.
22.	Councils given new powers to hold public meetings remotely, 3 April 2020	Temporary powers to hold remote meetings.
23.	Coronavirus (COVID-19): letter to councils about extending the statutory audit deadlines for 2019/20, 22 April 2020	Extension of accounts and audit timetable.
Local Government Association (LGA)		
24.	Key questions and issues for finance portfolio holders during the COVID-19 pandemic, 14 May 2020	A useful paper that highlights the key financial challenges from the pandemic, and the issues for medium term financial planning.
House of Commons: Public Accounts Committee:		
25.	Local authority investment in commercial property	Significant concerns over local authority approaches to commercial property investment

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

APPENDIX D

NATIONAL PUBLICATIONS

1. Statement on Covid-19, Financial Reporting Council and other Regulators, March 2020

A joint statement was issued by the Financial Reporting Council, the Financial Conduct Authority and Prudential Regulation Authority in response to the current situation.

The statement sets out that:

“Successful and sustainable businesses underpin our economy and society by providing employment and creating prosperity. Equity and debt capital markets play a vital role providing finance to these businesses and will aid the recovery. Governments and regulators around the world remain focused on keeping capital markets open and orderly.

Capital markets rely on timely, accurate information. Investors and other stakeholders rely on financial reporting – backed by high-quality auditing. However, companies and their auditors currently face unprecedented challenges in preparing and auditing financial information”

This statement highlights:

- highlights likelihood of more modified opinions (where difficulties in obtaining evidence or other issues);
- going concern assumption considerations and uncertainties; and
- guidance for companies and auditors.

<https://www.fca.org.uk/news/statements/joint-statement-fca-frc-pra>

2. Financial Scrutiny Practice Guide, CIPFA (with the Centre for Public Scrutiny), 25 June 2020

CIPFA has released its guidance on Financial Scrutiny Practice, which is aimed at councils and councillors in England, and seeks to address how best to integrate an awareness of council finances with overview and scrutiny.

CIPFA reports that the impact of the pandemic means that council budgeting will need to be more focused on priorities and difficult choices for the foreseeable future. Therefore, the guide suggests ways to move budget and finance scrutiny beyond set-piece events that take place in December and quarterly financial performance reported to committees.

CIPFA also notes that effective financial scrutiny is one of the few ways that councils can assure themselves that their budget is robust, sustainable, and takes into account the needs of residents.

<https://www.cipfa.org/policy-and-guidance/reports/financial-scrutiny-practice-guide>

3. CIPFA BULLETIN 05: Closure of the 2019/20 Financial Statements, Chartered Institute of Public Finance and Accountancy, 30 April 2020

This is technical guidance for those preparing financial statements. It covers emerging or urgent accounting issues. The bulletin for the 2019/20 financial statements includes guidance on accounting for issues relating to the COVID-19 pandemic.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-05-closure-of-the-201920-financial-statements>

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

APPENDIX D

NATIONAL PUBLICATIONS

4. Guide for audit and risk committees on financial reporting and management during COVID-19, 24 June 2020

The NAO has published a Guide for audit and risk committees on financial reporting and management during COVID-19. This guide aims to help audit and risk committee members support and challenge the organisations they work with in the following areas:

- Annual reports;
- Financial reporting;
- The control environment; and
- Regularity of expenditure.

In each section of the guide the NAO has set out some questions to help audit and risk committee members understand and challenge activities. Each section can be used on its own, although the NAO would recommend that audit and risk committee members consider the whole guide, as the questions in other sections may be interrelated.

The guide may also be used as organisations and audit and risk committees consider reporting in the 2020-21 period when more specific and detailed reporting on the outbreak will be required.

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

5. Investigation into remediating dangerous cladding on high-rise buildings, 19 June 2020

The NAO has published its report on the investigation into remediating dangerous cladding on high-rise buildings.

Following the Grenfell Tower disaster, the Ministry of Housing, Communities and Local Government (MHCLG) established the Building Safety Programme to ensure that residents of high-rise residential buildings are safe and feel safe from the risk of fire. In May 2018, MHCLG announced £400 million to fund the remediation of high-rise residential buildings with unsafe Aluminium Composite Material (ACM) in the social housing sector. In May 2019, a further £200 million was made available for the remediation of equivalent buildings in the private sector.

In May 2020, the Government announced a new £1 billion building safety fund to remove dangerous cladding from high-rise buildings. This brings the total funding for remediation to £1.6 billion.

The investigation examined how MHCLG is:

- assuring itself that it has correctly identified all the buildings which fall within scope of the Programme, and that they are being fully remediated;
- managing the pace of progress of remediation; and
- deciding which buildings qualify for remediation funding, and how it has assessed risks outside the scope of the programme.

Some of the findings from the investigation include:

- as at April 2020, 149 of the 456 buildings, 18 metres and over with unsafe ACM cladding have been fully remediated;
- the pace of remediation has been faster in the student accommodation and social housing sectors, but slower in the private residential sector;
- early signs are that the effect of COVID-19, and public health measures taken to limit its impact, have slowed down the pace of remediation; and
- more than a quarter of buildings yet to be remediated are concentrated in four local authorities.

<https://www.nao.org.uk/report/investigation-into-remediating-dangerous-cladding-from-high-rise-buildings/>

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

APPENDIX D

NATIONAL PUBLICATIONS

6. Auditor Guidance Note (AGN) 03 – Auditors' Work on Value for Money Arrangements, June 2020

The new Code of Audit Practice came into force on 1 April 2020, after being approved by Parliament. It was developed following a consultation process in 2019. The most significant changes to the new Code are in relation to auditors' work on value for money arrangements. NAO have decided to consult on the detailed statutory guidance that will support auditors to deliver work under the new Code.

NAO have now published its consultation seeking views on the draft 'Auditor Guidance Note (AGN) 03 – Auditors' Work on Value for Money Arrangements'. The consultation is open for a period of 12 weeks, with a closing date of 5pm on 2 September 2020.

<https://www.nao.org.uk/code-audit-practice/agn-03-vfm-consultation/>

7. Readyng the NHS and adult social care in England for COVID-19, 12 June 2020

The NAO published its report Readyng the NHS and adult social care in England for COVID-19 in June 2020.

This report is the second in a programme of work by the NAO to support Parliament's scrutiny of the UK government's response to COVID-19. It sets out the facts about government's progress in preparing the NHS and social care for the COVID-19 outbreak, with a focus on:

- actions set out in the 17 March letter to the NHS, and the 15 April action plan for adult social care. It also describes what is currently known about additional funding for health and adult social care;
- actions taken at a national level by those responsible for coordinating health, adult social care and local government in England; and
- the period from the start of the outbreak to at least the end of April, when the government announced that the UK was "past the peak". Depending on the data available at the time of writing, the NAO has provided information up to mid-May.

The report does not assess the value for money of the measures adopted by government or the effectiveness of its response. It uses a range of published and unpublished data, the latter requested from public bodies under the NAO's statutory audit powers.

<https://www.nao.org.uk/report/readyng-the-nhs-and-adult-social-care-in-england-for-covid-19/>

8. Managing Private Finance Initiative (PFI) assets and services as contracts end, 5 June 2020

The NAO has published its report on Managing PFI assets and services as contracts end.

The report considers whether the government is making appropriate preparations to manage the expiry of PFI contracts. The report notes that there are currently 700 operational PFI contracts in the UK with a capital value of £57 billion. However, the study focuses on the 571 PFI contracts in England, excluding those for which responsibility lies with the devolved governments.

The report draws out the challenges and best practice that can most benefit those managing PFI contracts which are ending. Note that the report does not assess the potential impacts of the COVID-19 pandemic on the expiry of PFI contracts, as the fieldwork was conducted before the outbreak.

<https://www.nao.org.uk/report/managing-pfi-assets-and-services-as-contracts-end/>

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

APPENDIX D

NATIONAL PUBLICATIONS

9. Overview of the UK government's response to the COVID-19 pandemic, *National Audit Office*, 21 May 2020

Significant outbreaks of disease are among the greatest risks faced by any society, threatening lives and causing significant disruption to public services and the economy. The scale and nature of the current COVID-19 pandemic and government's response is unprecedented in recent history.

This report is the first of a programme of work to be undertaken by the National Audit Office (NAO) to support Parliament in its scrutiny of the UK government's response to COVID-19.

<https://www.nao.org.uk/report/summary-of-uk-governments-response-to-the-covid-19-pandemic/>

10. Code of Audit Practice, *National Audit Office*, March 2020

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies. Schedule 6 of the Act extends this requirement to include NHS Foundation Trusts.

Local auditors must comply with the Code of Audit Practice. The Code must be reviewed at least every five years, so the Code that applies will depend on the financial year being audited.

The final draft of the latest Code has now been approved by Parliament and will come into force on 1 April 2020. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards. The NAO is now developing the detailed statutory Auditor Guidance Notes (AGNs) that will support the new Code. The most significant changes will be made to the guidance on auditor's work on arrangements to secure value for money (AGN 03) and auditor reporting (AGN 07). NAO plan to engage with stakeholders to develop this guidance over the coming months and will consult publicly in the summer/autumn of 2020.

We will brief the Committee on changes as more guidance emerges over the year. Key messages from the new Code are summarised below:

Audit of the financial statements

Auditors must still comply with underlying auditing standards.

Value for money arrangements

- Removal of 'except for' and 'adverse' conclusions.
- Work based around 3 reporting criteria:
 - Financial sustainability
 - Governance
 - Improving the 3Es – economy, efficiency and effectiveness
- Auditors must report when they are not satisfied that arrangements are in place. Where weaknesses are identified, recommendations are expected at any time of the audit.

Auditor reporting

- Auditor's Annual Report introduced:
 - Replaces Annual Audit Letter
 - Includes enhanced commentary against each of the specified VFM reporting criteria
 - To be issued in line with the audit report on the financial statements

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

APPENDIX D

NATIONAL PUBLICATIONS

11. PSAA Publishes Findings of Audit Survey, *Public Sector Audit Appointments*, 7 May 2020

PSAA has published the findings of a survey of audited bodies' feedback on their audits of 2018/19 accounts.

In the past, surveys have been undertaken by the audit firms themselves and have sought the responses of client Chief Finance Officers (CFOs) to a relatively small number of high level questions.

This year, coinciding with the first audits under Appointing Person arrangements, PSAA has introduced a new approach which incorporates a number of important changes.

To assure independence and confidentiality, it has commissioned the LGA's Research & Information team to administer the survey centrally. The views of both CFOs and Audit Committee Chairs have been sought recognising the importance of the auditor's relationships with both Management and Those Charged With Governance. A longer list of survey questions has also been developed to probe more deeply into respondents' experience of different aspects of the audit and the auditor's performance.

PSAA hopes that audited bodies will find the survey results interesting and helpful in terms of stimulating discussion about their audit, identifying areas in which it went well or might have been improved. PSAA is encouraged by the volume of data which its new survey has generated and the opportunity it provides to identify good practice and/or discuss specific areas for improvement with individual audit firms.

We are delighted that these results show that Mazars has performed very well in its own right, and also in comparison to the other firms in the sector.

<https://www.psa.co.uk/2020/05/psaa-publishes-findings-of-audit-survey/>

12. Independent analysis of the outcomes of electors' objections, *Public Sector Audit Appointments*, 15 April 2020

A unique element of the local government accountability framework is the long-held rights of local electors to inspect accounts and related documents, and to object to auditors about issues of concern. In recent times electors have been able to access far more data and information than when the right to object was originally enacted, because of developments such as transparency reporting and the Freedom of Information Act.

Publicly available information about objections and their outcomes is limited. The work on them is often mainly confidential correspondence between the auditor, the objector and the local body with the outcome reported to the local body. Although the auditor's decision and detailed statement of reasons is sometimes reported in the public domain, this is not always the case. To help address that gap PSAA has commissioned an independent analysis of the outcomes of objections.

<https://www.psa.co.uk/2020/04/news-item-independent-analysis-of-the-outcomes-of-electors-objections/>

13. News release: Q&As, *Public Sector Audit Appointments*, 9 April 2020

PSAA consulted on the 2020/21 scale fees earlier this year and published the 2020/21 scale fees on 31 March 2020. Not surprisingly in these turbulent times for audit the consultation responses contained many questions. Today PSAA have published a 'Q&A', setting out our answers to them.

<https://www.psa.co.uk/2020/04/news-release-qas/>

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

APPENDIX D

NATIONAL PUBLICATIONS

14. 2020/21 audit fee scale, *Public Sector Audit Appointments*, 31 March 2020

The consultation set out the proposed scale of fees for the work to be undertaken by appointed auditors in respect of the 2020/21 financial statements at bodies that have opted into PSAA's national auditor appointment scheme. Setting the fee scale for audits of 2020/21 financial statements is challenging. It requires consideration and assessment of the impact of a range of factors, many of which are difficult to quantify at this stage. They include:

- issues which have given rise to additional audit work in relation to the 2018/19 accounts, or are expected to arise and have implications for 2019/20 accounts' audits, and which may or may not have ongoing implications for subsequent years;
- new auditing standards and regulatory requirements, including any decisions taken by Government in response to the reviews being undertaken and referred to in this progress report (see item 7 above); and
- the introduction of the new NAO Code of Audit Practice and related AGNs, the implementation of which may have one-off and/or ongoing implications for the extent of auditors' work.

In PSAA's view, discussions about the impact of the factors outlined needs to take place at local body level between the appointed auditor and an authorised representative of the audited body, such as the chief finance officer. This is the level at which each factor or variable can be considered in the distinctive context of the particular body, having regard to any implications for audit risk and the extent of any additional audit work which may be required to enable an appropriate level of assurance.

The expectation is that such discussions should take place as soon as possible as part of planning discussions for 2019/20 audits, with a specific aim also to look ahead to identify any implications for 2020/21. In some cases it may not be possible to quantify the implications for audit work at this stage or perhaps even until the work is done. Nevertheless early discussions will help to align expectations and mitigate the risk of audited bodies being unaware of the prospect of charges for additional work until very late in the audit process.

Link to the PSAA consultation is set out below:

<https://www.psaa.co.uk/audit-fees/consultation-on-2020-21-audit-fee-scale/>

PSAA published its scale fees for 2020/21 on 31 March 2021, and concluded that:

"In current circumstances we do not have sufficient reliable information that would enable us to adjust the scale of fees for 2020/21, and so have maintained the scale fee at the level set for 2019/20 before audit work had started. In practice we recognise that in the event, with so much turbulence and change in the environment, additional fees variations are likely to arise for many bodies."

<https://www.psaa.co.uk/audit-fees/2020-21-audit-fee-scale/>

15. Independent review of the sustainability of the local government audit market, *Public Sector Audit Appointments*, 4 March 2020

PSAA has recently commissioned an independent review of the sustainability of the local government audit market. The review was undertaken by an independent consultancy, Touchstone Renard (TR).

The TR report draws on the views of audit firms active in the local authority market as well as others that are not. In doing so it identifies a number of distinctive challenges in the current local audit market. In particular it highlights the unprecedented scrutiny and significant regulatory pressure on the auditing profession; the challenges of a demanding timetable which expects publication of audited accounts by 31st July each year; and the impact of austerity on local public bodies and its effect on both the complexity of the issues auditors face and the capacity of local finance teams.

<https://www.psaa.co.uk/2020/03/news-item-independent-review-of-the-sustainability-of-the-local-government-audit-market/>

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

APPENDIX D

NATIONAL PUBLICATIONS

16. Comprehensive new funding package for councils to help address coronavirus pressures and cover lost income during the pandemic, 2 July 2020

On 2 July 2020, Government announced a major new support package to help councils respond to coronavirus as part of comprehensive plan to ensure councils' financial sustainability for the future.

Key features of the new package include:

- Government announces new comprehensive package of support to address spending pressures and in recognition of lost income;
- Further £500 million brings funding given to support local councils with pressures to £4.3 billion, part of a package of over £27 billion to help councils, businesses and communities; and
- New scheme will also reimburse councils for lost income and allow council and business rates tax deficits to be repaid over 3 years instead of one.

The announcement included statements that:

Recognising that councils are best placed to decide how to meet pressures in their local area, this funding has not been ringfenced.

In addition to this funding, a major new scheme introduced by the government today will help to reimburse lost income during the pandemic and boost cash flow. Where losses are more than 5% of a council's planned income from sales, fees and charges, the government will cover them for 75p in every pound lost.

Additionally, to enable them to get on the front foot and build much-needed breathing space into their budgets, the government is also bringing in changes so that they can spread their tax deficits over 3 years rather than the usual one.

Overall, in the last 6 months, government has worked closely with local authorities to understand their needs and provided more than £27 billion to help councils, businesses and communities through COVID-19.

At the time of writing, further detail is awaited in relation to this announcement.

<https://www.gov.uk/government/news/comprehensive-new-funding-package-for-councils-to-help-address-coronavirus-pressure-and-cover-lost-income-during-the-pandemic>

17. Coronavirus (COVID-19): guidance for local government, 1 July 2020

There is a wide range of Government Guidance that relates to local councils during the coronavirus (COVID-19) outbreak. MHCLG provides a comprehensive list of all guidance and keeps this updated at the attached link.

<https://www.gov.uk/guidance/coronavirus-covid-19-guidance-for-local-government>

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

APPENDIX D NATIONAL PUBLICATIONS

18. Local authority COVID-19 financial impact monitoring information, 21 June 2020

MHCLG is collecting data on the impact COVID-19 is having on local authority finances.

The purpose of the data collection is to help provide the government with information on the financial pressures experienced by local authorities as a result of the pandemic. The data collection, which is aimed at Finance Directors in 339 local authorities, is based on best estimates. Fire and rescue authorities and combined authorities are not included in the survey.

Information from local authorities were collected in mid-April and mid-May, and MHCLG plans to run the data collection on a regular basis, as the government continues its response to the pandemic. The data collected so far shows that the combined spending and income pressure at the end of May was £3.24 billion.

The detailed monitoring information (presented in excel format) is available here.

<https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information>

19. Addressing cultural and governance failings in local authorities: lessons from recent interventions, 16 June 2020

MHCLG reports that based on its experience of supporting, and sometimes intervening in local authorities (LAs) experiencing difficulties, culture and governance at LAs are key to their success or failure. To support LAs in these areas, MHCLG has published a short guide which considers the lessons about LA culture and governance that can be learned from recent statutory and non-statutory interventions.

The key areas covered by the guide include:

- recognising indicators of poor culture and weak governance;
- addressing ineffective leadership (corporate and political);
- addressing poor behaviour across an authority; and
- strengthening scrutiny, transparency and whistle-blowing support.

<https://www.gov.uk/government/publications/addressing-cultural-and-governance-failings-in-local-authorities-lessons-from-recent-interventions/addressing-cultural-and-governance-failings-in-local-authorities-lessons-from-recent-interventions>

20. Local government procurement: fraud and corruption risk review, 8 June 2020

The government has published the findings from its review of fraud and corruption risks in local government procurement.

The review report focuses on the risks of fraud and corruption when councils procure and commission goods, works and services. The report notes that the effective management of risk in procurement is part of ensuring a well-led and risk-aware council, that manages its resources efficiently to secure value for money outcomes.

The report includes:

- case studies highlighting where fraud and corruption incidents have occurred;
- best practice examples for mitigating fraud and corruption risks; and
- suggested activities to improve the response to fraud and corruption risks in local government.

<https://www.gov.uk/government/publications/local-government-procurement-fraud-and-corruption-risk-review>

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

APPENDIX D

NATIONAL PUBLICATIONS

21. Emergency funding, *Ministry for Housing, Communities and Local Government*, 30 March 2020 and 28 April 2020

On 19 March 2020, the [government announced](#) £1.6 billion of additional funding for local government to help them respond to coronavirus (COVID-19) pressures across all the services they deliver.

A further £1.6 billion in additional funding was [announced](#) on 18 April 2020. This extra £1.6 billion takes the total given to councils to help their communities through this crisis to over £3.2 billion.

This document sets out the allocations for local authorities.

<https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government>

22. Councils given new powers to hold public meetings remotely, *Ministry for Housing, Communities and Local Government*, 3 April 2020

The government has temporarily removed the legal requirement for local authorities to hold public meetings in person during the coronavirus pandemic. This will enable authorities to make effective and transparent decisions on the delivery of services for residents and ensure that local democracy continues to thrive.

<https://www.gov.uk/government/news/councils-given-new-powers-to-hold-public-meetings-remotely>

23. Coronavirus (COVID-19): letter to councils about extending the statutory audit deadlines for 2019 to 2020, *Ministry for Housing, Communities and Local Government*, 22 April 2020

Letter from the Ministry of Housing, Communities and Local Government informing local authority chief executives that:

- the publication date for final, audited, accounts will move from 31 July for Category 1 authorities and 30 September for Category 2 authorities to 30 November 2020 for all local authority bodies
- to give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 authorities) and July (for Category 2 authorities) has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020.

<https://www.gov.uk/government/publications/coronavirus-covid-19-letter-to-councils-about-extending-the-statutory-audit-deadlines-for-2019-to-2020>

24. Key questions and issues for finance portfolio holders during the COVID-19 pandemic, *Local Government Association*, 14 May 2020

The ongoing COVID-19 pandemic has already had a significant impact on local council finances, the effects of which will continue through the current period of lockdown and beyond. This paper seeks to outline and discuss key strategic issues that elected members, particularly those in finance and wider leadership positions, should consider.

<https://www.local.gov.uk/key-questions-and-issues-finance-portfolio-holders-during-covid-19-pandemic>

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

APPENDIX D

NATIONAL PUBLICATIONS

24. House of Commons: Public Accounts Committee: Local authority investment in commercial property

The Public Accounts Committee has expressed significant concerns over local authority investments in commercial property and has made a series of recommendations, including:

- Further strengthening of guidance and the prudential framework
- Further strengthening of local governance arrangements.

<https://publications.parliament.uk/pa/cm5801/cmselect/cmpubacc/312/31202.htm>

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

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Agenda Item 5



Report To:	Audit Committee	Date:	19th October 2020
Heading:	AUDITED STATEMENT OF ACCOUNTS 2019/20		
Portfolio Holder:	N/A		
Ward/s:	N/A		
Key Decision:	No		
Subject to Call-In:	No		

Purpose of Report

This report provides the Audit Committee with the Council's Statement of Accounts for 2019/20 and reports on the outcome of the external audit of the Council's Statement of Accounts 2019/20.

Subject to approval of the Statement of Accounts by the Audit Committee, a copy of the audited Final Statement of Accounts will be placed on the Council's website.

Recommendation(s)

To approve the audited Statement of Accounts for 2019/20 subject to the outcome of the Nottinghamshire County Council Pension Fund audit.

To delegate authority for the final approval of the audited Statement of Accounts for 2019/20 to the Corporate Finance Manager (Section 151 Officer) subject to a satisfactory outcome of the Nottinghamshire County Council Pension Fund audit and report back to Audit Committee details of any changes, if required.

Reasons for Recommendation(s)

To comply with Financial Regulations which form part of the Council's Constitution. These state the Audit Committee is responsible for approving the Annual Statement of Accounts.

Alternative Options Considered

None as it is a statutory requirement for Council's to publish the audited Annual Statement of Accounts and a requirement of the Council's Financial Regulations for the Audit Committee to approve the annual Statement of Accounts.

Detailed Information

Prior to the Covid-19 pandemic, the deadline for completion and publication of the draft Statement of Accounts was 31 May and the deadline for the final audited Statement of Accounts was the 31 July. Due to the Covid-19 pandemic, these statutory deadlines were amended, requiring the draft to be completed and published no later than the 31 August and the final audited version to be published by 30 November 2020.

Despite these changes, the Council's draft Statement of Accounts (excluding the Annual Government Statement (AGS)) were provided to Mazars, the External Auditors on the 12th June 2020, to enable them to commence their Audit on the 22nd June 2020, the date agreed prior to the Covid-19 pandemic.

Due to providing the draft Statement of Accounts before the extended statutory deadline, the National Non Domestic Rates (NNDR) position included in the Statement of Accounts was based on an estimated position pending the completion of the NNDR 3 claim, which also had an extended deadline to 31st July 2020. The draft accounts were amended for NNDR 3 claim, the AGS was included and they were published on the Council's website on the 31 August 2020.

The link to the draft statement of accounts is:

<https://www.ashfield.gov.uk/your-council/financial-information/statement-of-accounts-audit-reports/>

An adjustment has been made between the draft and final Statement of Accounts 2019/20 due to two investment properties being included at gross valuation rather than net valuation, (gross valuation includes buyer costs such as stamp duty, which are excluded from the net valuation, which is the amount you would receive if sold). This amendment decreased the valuation of investment properties in the balance sheet by £581k, which passes through the Comprehensive Income & Expenditure Statement (CIES) but is reversed out in Movement in Reserves Statement (MIRS) to the Capital Adjustment Account and Revaluation Reserve in the Balance Sheet, and therefore does not impact on the in-year surplus for 2019/20.

The audit resulted in some minor presentational changes being made to the note to the accounts:

- The future years profiling of investment income included in Note 33 Assets held as Lessor – b. Operating Leases has been amended between the year bandings.
- The net position regarding new loans taken and loans repaid had been included in Note 26d cashflow financing activities, this has been amended to show the cash receipts for new loans taken and repayment of loans separately.
- 2018/19 comparative figure in Note 17e) has been changed to nil in line with the 2018/19 accounts
- A paragraph has been added to Note 15 regarding the material uncertainty in the valuations of the investment properties as at 31 March 2020, due to Covid-19.

Mazars work on the accounts is substantially complete, one outstanding issue is that the audit of the Nottinghamshire Pension Fund is yet to be finalised, and as a result Mazars cannot yet conclude their work on the pension figures and notes within our Statement of Accounts. If any issues arise from the completion of their remaining work, they will be reported to the next Audit Committee.

Implications

Corporate Plan:

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

Legal:

This report enables the Council to present for approval the audited Statement of Accounts by 30th November 2020 in accordance with statute.

Finance:

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
The final accounts may change as a consequence of the pension fund audit.	Should any changes be necessary these will be reported to the next Audit Committee with details of any implications.

Human Resources:

Not Applicable

Environmental/Sustainability

Not Applicable

Equalities:

Not Applicable

Other Implications:

Not Applicable

Background Papers

Statement of Accounts 2019/20

Mazars Audit Completion Report (ISA 260)

Report Author and Contact Officer

Bev Bull

Chief Accountant

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Report To:	Audit Committee	Date:	19TH October 2020
Heading:	Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.		
Portfolio Holder:	N/A		
Ward/s:	ALL		
Key Decision:	No		
Subject to Call-In:	No		

Purpose of Report

To provide members with an update on recommendations arising from the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.

Recommendation(s)

Members consider whether there are any actions they require in relation to the recommendations arising from the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.

Reasons for Recommendation(s)

To present members with the opportunity to consider the content of the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.

Alternative Options Considered

The independent review was unique. No other options were considered.

Detailed Information

1. Background

1.1 In June 2019, the Government commissioned Sir Tony Redmond to undertake an independent review of the effectiveness of local audit and the transparency of local authority financial reporting. The findings from Sir Redmond's report were published on 8 September 2020.

- 1.2 The guiding principles of the review were accountability and transparency. How are local authorities accountable to service users and taxpayers and how are auditors accountable for the quality of their work; and how easy is it for those same individuals to understand how their local authority has performed and what assurance they can take from external audit work.
- 1.3 In summary, it makes detailed proposals for a new organisation with the clarity of mission and purpose to act as the system leader for the local audit framework; and for a standardised statement of service information and costs, compared to the annual budget, that is aimed at taxpayers and service users. A link to the Report can be found here: :
<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

2. Summary of Key Findings

- 2.1 Local External Audit arrangements - most significant finding is the lack of coherence in local audit arrangements.
 - a. There appeared to be no coherence in approach to procure audit and there were serious concerns regarding effectiveness of local audit.
 - b. Some of this is linked to the fee structure and a view that the cost is 25% less than it should be and as a result the quality of auditors has reduced.
 - c. There is concern auditors do not have the experience or knowledge of local authorities.
 - d. 40% of audits were not complete by the deadline for 2018/19.
- 2.2 Governance arrangements – question on whether the Audit Committees understand the issues to question and challenge in an effective way?
 - e. There are a relatively low number of independent Audit Committee members and little communication between Audit Committee and inspectors.
 - f. No formal exchange of views.
 - g. There seems to be no real relationship between Audit Committee and Full Council with very few reports going to Full Council.
 - h. Question on the role of the 3 statutory officers in relationship to Audit – do they engage with auditor together on informal or formal basis?
 - i. Internal Audit not used much by External Audit as code of practice does not require them to liaise with internal audit work although there is a feeling that they can assist.
 - j. Not always the expertise in local authority finance departments in completing the accounts process.
- 2.3 Reporting - Current arrangements do not allow for the public to understand the accounts. More can be done to improve transparency of what local authorities do.

3. Summary of Recommendations

- 3.1 The recommendations in the report centred on 3 aspects, namely: Local Audit arrangements, Governance and Financial Reporting.
- 3.2 Local Audits –
 - a. A new Office of Local Audit Regulation (OLAR) will be established and have responsibility for procuring, managing, overseeing and regulating local audits. This will include current responsibility fulfilled by Public Sector Audit Appointments (PSAA), National Audit Office (NAO) and Financial Reporting Council (FRC).

- b. There will be a Liaison Committee chaired by the Ministry for Housing, Communities and Local Government (MHCLG) comprising FRC, Institute of Chartered Accountants in England and Wales (ICAW), NAO, Chartered Institute for Public Finance and Accountancy (CIPFA), Local Government association (LGA) and authority representatives, as well as Probation, Home Office and Audit Partners. This would meet quarterly and provide a link to the regulator and would provide facility for feedback and commentary in how the local audits are done.
- c. The OLAR could impose sanctions where there are significant issues in a local authority, e.g. if financial resilience issues where MHCLG are needed to intervene.
- d. The current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements.
- e. The external auditor be required to present an Annual Audit Report to the first Full Council meeting after 30 September each year, irrespective of whether the accounts have been certified.

3.3 Governance –

- f. At least 1, suitably qualified, independent member will be required on each Audit Committee.
- g. There will be a requirement for the 3 statutory officers to meet with External Audit annually.
- h. All Audit Committee members will have a requirement to be trained.
- i. The deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year.
- j. An annual report to be presented to first Full Council meeting after 30 September from the External Auditor, irrespective of whether the accounts have been certified.
- k. Auditors must have skills and training but also needs to be in place for local authority finance staff.
- l. The need for an induction/training mechanism for new s151 Officers on Final Accounts.
- m. The changes implemented in the 2020 Audit Code of Practice are endorsed; OLAR to undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters.

3.4 Financial Reporting –

- n. A new standardised statement of services and costs will be required to enable a comparison of budget setting Council Tax information to outturn.
- o. CIPFA/ Local Authority (Scotland) Accounts Advisory Committee (LASAAC) be required to review the statutory accounts, in the light of the new requirement to prepare the standardised statement, to determine whether there is scope to simplify the presentation of local authority accounts by removing disclosures that may no longer be considered to be necessary.

Implications

Corporate Plan:

Effectiveness of local audit and transparency of local authority financial reporting contributes to ensuring we are providing good quality and value for money services as identified as our purpose in the Corporate Plan.

Legal:

There are no legal implications.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	There are no specific financial implications arising from this report.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

Risk:

Risk	Mitigation
Audit Committee members are not aware of the review and the findings.	The findings of the report are being reviewed by Audit Committee.

Human Resources:*None***Environmental/Sustainability***None***Equalities:***None***Other Implications:***None***Reason(s) for Urgency***N/A***Reason(s) for Exemption***N/A***Background Papers**

Full Report: <https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

Report Author and Contact Officer**Pete Hudson**

Corporate Finance Manager

(& Section 151 Officer)

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Ashfield District Council – Audit Progress Report

Audit Committee: 19^h October 2020



Contents

Page

AUDIT DASHBOARD	3
AUDIT PLAN	4
AUDIT COVERAGE	6
RECOMMENDATION TRACKING	7

Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

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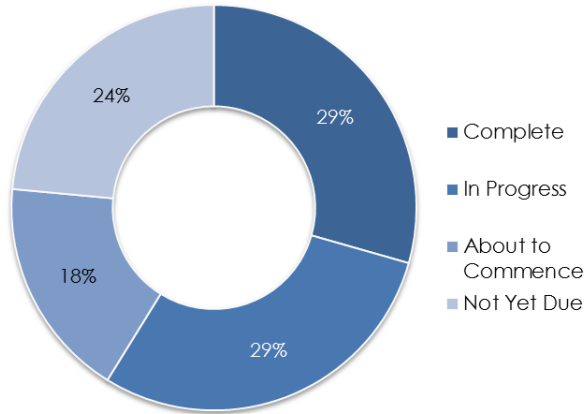
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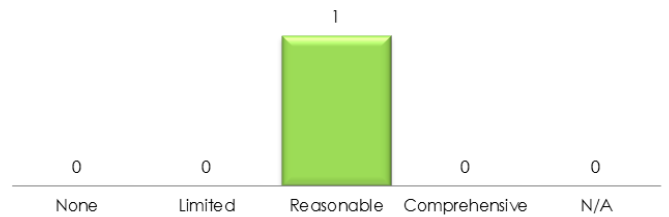
AUDIT DASHBOARD

Plan Progress



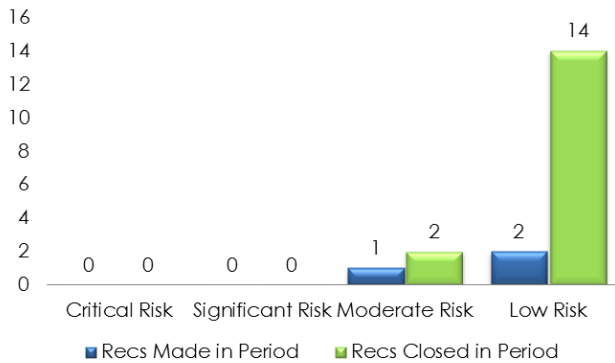
Assurance Ratings

Control Assurance Ratings Issued During Period



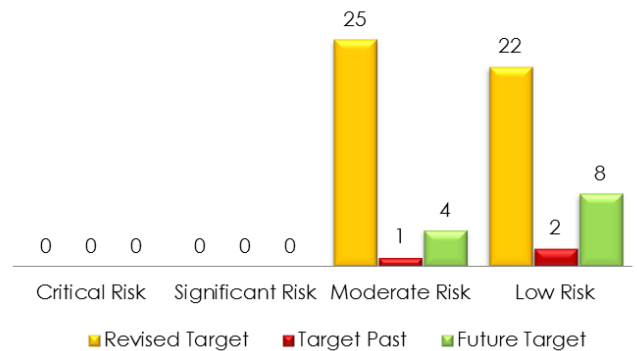
Recommendations

Movement During Period



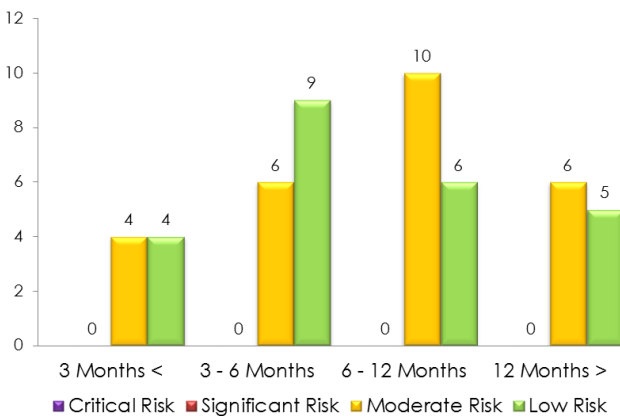
Recommendations

Recommendations Currently Open



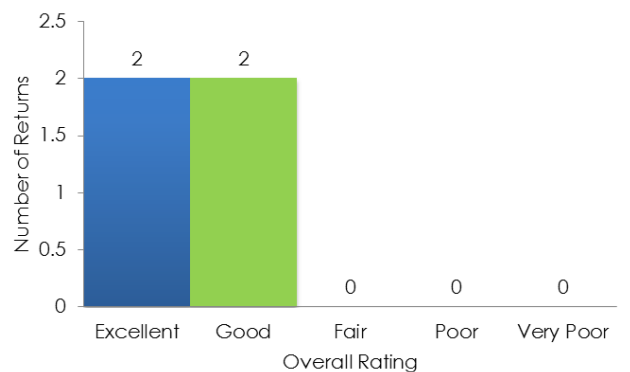
Recommendations

Overdue Recommendations



Customer Satisfaction

Returns Between Jan 2020 & Sept 2020



Ashfield District Council – Audit Progress Report

AUDIT PLAN

Progress on Audit Assignments

The following table provides the Committee with information on how audit assignments were progressing as at 5 October 2020.

2020-21 Jobs	Status	% Complete	Assurance Rating
Anti-Fraud & Corruption	Not Allocated	0%	
Governance – Covid-19 recovery	Not Allocated	0%	
Teleworking Security	Allocated	0%	
Risk Management 20-21	In Progress	20%	
Contracts Register	Allocated	0%	
Procurement	Not Allocated	0%	
People Management	Not Allocated	0%	
Business Support Grants	In Progress	75%	
Financial Health & Resilience	Allocated	5%	
Complex Case Work	In Progress	15%	
Disabled Facilities Grants	Draft Report	95%	
Rent Control	Final Report	100%	Reasonable
B/Fwd Jobs	Status	% Complete	Assurance Rating
Medium Term Financial Plan	Final Report	100%	Reasonable
Creditors 2019-20	Final Report	100%	Comprehensive
Anti-Fraud & Corruption 2019-20	Final Report	100%	Reasonable
Digital Transformation	Final Report	100%	Reasonable
Transformation Project Assurance	In Progress	70%	

Audit Plan Changes

There have been a number of changes to the Audit Plan for 2020-21. As noted in the previous progress report, the delivery of the audit plan has been affected by the Covid-19 pandemic. The disruption to services caused by the lockdown, staff secondments into front-line services and increased sickness levels has inevitably led to delays in our audits and a reduction in audit coverage.

The risk profile of local authorities has been significantly affected by Covid-19 with existing risks being exacerbated, for example, homeworking has meant that cyber security is of increased importance. The necessary changes to processes and procedures also have implications for the internal control environment.

In light of the above, the Audit Plan has been revisited, and in consultation with the Director of Legal & Governance, some changes have been made. A number of audits have been added and include; Governance – Covid-19 Recovery, Business Support Grants and Financial Health and Resilience. Further audits may be brought back into the Plan should resources allow. CMAP have also given advice to support the Council as it faces changes to existing systems, and the implementation of new systems and processes.

Ashfield District Council – Audit Progress Report

To accommodate these inclusions and the potential reduction in audit days, the following audits have been removed; Business Continuity, Main Accounting System, Taxation, Creditors, ICT Infrastructure, Corporate Improvement/Transformation, Commercial Property Portfolio, Debtors, Payroll and Environmental Protection.

Ashfield District Council – Audit Progress Report

AUDIT COVERAGE

Completed Audit Assignments

Between 10 July and 5 October 2020, the following audit assignment has been finalised since the last progress update was given to the Audit Committee.

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Rent Control	Reasonable	0	0	1	2	67%
TOTALS		0	0	1	2	67%

Rent Control					
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls	
The annual rental increase or reduction has been accurately applied to tenants rent accounts and is in accordance with approved policy.	8	7	1	0	
Properties are accurately recorded on the Capita Housing Rents system.	4	4	0	0	
Regular reconciliations are undertaken between the Capita Housing Rents system and other relevant systems, and issues identified are promptly rectified.	4	2	2	0	
TOTALS	16	13	3	0	
Summary of Weakness		Risk Rating	Agreed Action Date		
The procedure notes used to update rent accounts with the annual amendments to rent charges were hand written and informal.		Low Risk	30/09/2020		
There was no evidence of which officers had completed and reviewed the annual housing rent reconciliation. There were also a number of reconciling items from prior years that required resolution; they had mainly been created by Housing system issues.		Moderate Risk	30/09/2020		
There was no evidence of which officers had completed and reviewed the monthly housing rent reconciliation.		Low Risk	31/07/2020		

Ashfield District Council – Audit Progress Report

RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open		
			Action Due	Being Implemented	Future Action
14-Feb-19	Risk Registers	Reasonable	1	1	0
10-Jan-19	Depot Investigation	Limited	0	6	0
27-Mar-18	Rent Arrears	Comprehensive	0	1	0
24-Apr-18	ICT Performance Management	Reasonable	0	2	0
22-Jun-18	Health & Safety	Comprehensive	0	1	0
11-Jan-18	Anti-Fraud & Corruption	Reasonable	0	1	0
16-Aug-19	Fire Safety	Reasonable	0	1	0
28-Mar-18	ECINS Security Assessment	Limited	0	2	0
12-Mar-19	Treasury Management & Banking Services	Reasonable	0	1	0
03-Dec-19	Data Quality & Performance Management	Reasonable	0	4	0
29-Nov-19	Anti-Social Behaviour	Reasonable	0	4	0
09-Oct-19	Procurement 2019-20	Reasonable	0	3	0
29-Nov-19	Anti-Fraud	N/A	0	2	0
31-Jan-20	Information Governance	Reasonable	0	4	0
16-Mar-20	Homelessness	Reasonable	0	7	0
18-Mar-20	Customer Services - E-Payments	Comprehensive	1	1	0
30-Apr-20	Creditors 2019-20	Comprehensive	0	2	0
27-May-20	Medium Term Financial Plan	Reasonable	0	0	6
08-Jul-20	Anti-Fraud & Corruption 2019-20	Reasonable	1	1	2
09-Jul-20	Digital Transformation	Reasonable	0	2	4
27-Jul-20	Rent Control	Reasonable	0	1	0
		TOTALS	3	47	12

Action Due = The agreed actions are due, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Being Implemented = The original action date has now passed and the agreed actions have yet to be completed. Internal Audit has obtained status update comments from the responsible officer and a revised action date.

Future Action = The agreed actions are not yet due, so Internal Audit has not followed the matter up.

Ashfield District Council – Audit Progress Report

Audit Assignments with Recommendations Due	Action Due			Being Implemented		
	Significant Risk	Moderate Risk	Low Risk	Significant Risk	Moderate Risk	Low Risk
Risk Registers	0	0	1	0	1	0
Depot Investigation	0	0	0	0	4	2
Rent Arrears	0	0	0	0	0	1
ICT Performance Management	0	0	0	0	2	0
Health & Safety	0	0	0	0	0	1
Anti-Fraud & Corruption	0	0	0	0	0	1
Fire Safety	0	0	0	0	1	0
ECINS Security Assessment	0	0	0	0	2	0
Treasury Management & Banking Services	0	0	0	0	0	1
Data Quality & Performance Management	0	0	0	0	1	3
Anti-Social Behaviour	0	0	0	0	1	3
Procurement 2019-20	0	0	0	0	3	0
Anti-Fraud	0	0	0	0	2	0
Information Governance	0	0	0	0	3	1
Homelessness	0	0	0	0	2	5
Customer Services - E-Payments	0	0	1	0	0	1
Creditors 2019-20	0	0	0	0	0	2
Anti-Fraud & Corruption 2019-20	0	1	0	0	0	1
Digital Transformation	0	0	0	0	2	0
Rent Control	0	0	0	0	1	0
TOTALS	0	1	2	0	25	22

Ashfield District Council – Audit Progress Report

Highlighted Recommendations

The following significant or moderate risk rated recommendations, that have not yet been implemented, are detailed for Committee's scrutiny.

Being Implemented Recommendations

Data Quality & Performance Management	Rec No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>The Data Quality Strategy required updating and had not been formally approved by the Council.</p> <p>We recommend that the Data Quality Strategy is reviewed to ensure it is up to date specifically with current processes and organisational structure. The updated strategy should be approved in accordance with the Council's Constitution.</p>	Moderate Risk
Management Response/Action Details	Action Date
The strategy will be reviewed and presented for approval.	30/04/2020
Status Update Comments	Revised Date
<p>We have successfully recruited to a Business Improvement Lead position in the last month; this role will lead effective delivery of our performance management framework.</p> <p>This action will be deferred to December 2020 to enable us to not only update the strategy but also make significant changes in alignment with our digital transformation programme.</p>	31/12/2020

Information Governance	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Not all Council employees had undertaken the required GDPR e-learning training.</p> <p>We recommend that the Council actively promote the mandatory requirement for all employees (including Managers) to complete the GDPR training (including refresher training). Where training has not been completed, the Council should actively pursue employees. Where necessary, the Council should consider implementing a regime of escalation to Senior Officers, for those employees who continually fail to undertake and complete the training.</p>	Moderate Risk
Management Response/Action Details	Action Date
All GDPR training and its frequency is to be reviewed to include a mixture of e-learning and face to face. Once this programme is finalised and being rolled out, a process will be put in place to ensure failure to complete the training is escalated to managers/directors.	30/06/2020
Status Update Comments	Revised Date
Unfortunately, due to staff absence and COVID, we have not been able to complete the action in line with the initial timeframe. Action date revised to 31 October 2020.	31/10/2020

Ashfield District Council – Audit Progress Report

Information Governance	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>Data Protection Impact Assessments had been completed but had not been subject to review or sign off by the Data Protection Officer, as per the Council's guidance.</p> <p>We recommend that Council officers are adequately trained and reminded, at periodic intervals, of the need to complete a DPIA when undertaking any projects which involve the processing of personal data. Management should consider incorporating the completion of DPIAs into a project checklist as part of key project documents. Then, as per the Council's guidance on DPIAs, on completion, consultation should be undertaken with the Council's Data Protection Officer. The DPIA should be signed off by the Data Protection Officer to evidence that a consultation and comprehensive review has taken place.</p>	Moderate Risk
Management Response/Action Details	Action Date
All GDPR training and its frequency is to be reviewed to include a mixture of e-learning and face to face. Training and guidance specifically in relation to DPIAs will be reviewed and developed to include checklists as appropriate. Interim arrangements have been put in place regarding completion and sign off of DPIAs. This will be publicised on Message of Day.	30/06/2020
Status Update Comments	Revised Date
Unfortunately, due to staff absence and COVID, we have not been able to complete the action in line with the initial timeframe. Work has commenced in relation to the action including an interim approach to DPIAs. One of the Senior Solicitors has also attended an external training session to specifically assist us in improving our approach to DPIA's. Action date revised to 31 October 2020.	31/10/2020

Information Governance	Rec No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>Sensitive, personal data was being stored in locations which were not suitably restricted to only those officers with a genuine business need to access such information.</p> <p>We recommend that management take appropriate action to ensure that all personal, sensitive data is secured in files, within restrictive sub-folders, with access limited to only those officers who have a genuine business need to access such information.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>The IT Security Policy Framework is under review. As part of this review we will ensure it is updated to take account of GDPR requirements. Specifically we will introduce the following measures to assist with ensuring access to data is suitably restricted to only those officers with a genuine business need to access such information:</p> <ul style="list-style-type: none"> - Starters/Transfers/Leavers E-Form – to be completed by the Section Manager. This form will identify access rights of starters, amendments for staff transferring internally and identify when staff leave the Council. This will be used in conjunction/cross-references with the report received from HR on a quarterly basis. - E-Form for completion by Managers/Directors for folder access changes. - Introduction of new file structure guidelines and cascade through ELT/ALT, DMTs and MOD. - Provision of Group Access Permission lists on a quarterly basis to Service Managers 	30/06/2020

Ashfield District Council – Audit Progress Report

for checking and confirmation/amendment. IT to meet with individual Managers to confirm, amend and clarify what is required of Managers as part of this new process.	
Status Update Comments	Revised Date
Action on hold due to Covid-19.	30/09/2020

Homelessness	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Testing noted two occasions where the Council had not retained evidence of the documentation checked that demonstrated the applicant met the eligibility criteria regarding citizenship and residency and was therefore eligible for assistance.</p> <p>We recommend that the Council retains evidence of the documentation checks undertaken which demonstrate the applicant is eligible for assistance on the grounds of citizenship and residency.</p>	Moderate Risk
Management Response/Action Details	Action Date
HCLIC to be reviewed to see if it is possible to include a checklist so that decisions are not made until each section is complete. New Senior Officer is being recruited and will intensively manage caseloads of officers.	30/06/2020
Status Update Comments	Revised Date
Case management now via online HCLIC system rather than being paper based. System requires sections to be completed before proceeding to next section. Options for checklist to be discussed with Engagement and Development Officer at update meeting 8/7/2020.	31/08/2020

Homelessness	Rec No. 8
Summary of Weakness / Recommendation	Risk Rating
<p>Review of the Personalised Housing Plans found two plans which did not include any actions for the Council to undertake.</p> <p>We recommend that actions to be taken by the applicant and the Council to assist applicants to prevent homelessness are recorded on the Personalised Housing Plan and where there are no actions for either party, this should be noted.</p>	Moderate Risk
Management Response/Action Details	Action Date
The Development Officer is looking at the processes and procedures in respect of case management to ensure they are fit for purpose when managing cases online. The Team are aware of the need to manage cases in future through HCLIC. HCLIC to be reviewed to see if it is possible to include a checklist so that decisions are not made until each section is complete. New Senior Officer is being recruited and will intensively manage caseloads of officers. Reminder sent to officers. Further training has been arranged. More intensive case management to be conducted by new Senior Early Intervention Officer.	30/06/2020
Status Update Comments	Revised Date
Online PHP forms are now used in place of paper forms. The form has to be completed and includes regular prompts. The new form will be accessible by the new Senior officer whose role it will be to monitor and review case files.	31/08/2020

Ashfield District Council – Audit Progress Report

Anti-Social Behaviour	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>Insufficient case notes were documented, impacting on the ability of third parties to review the actions taken.</p> <p>We recommend that Management follow up the issue of new guidance by reviewing each officer's documentation and provide training if required.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>We acknowledge that case notes have been minimal at times with no Clear actions on next steps of the case.</p> <p>We acknowledge that some cases have not been changed to INACTIVE on ECINS and achieved when closed.</p> <p>ECINS best practice guide is now in place and is required to be followed by officers within the ASB Team.</p> <p>Process now implemented and will be included in the wider procedure manual which is in progress.</p> <p>Monthly audit in place but has not been fully completed.</p>	31/12/2019
Status Update Comments	Revised Date
<p>A number of Training events took place for all team members last year and 1-1, case supervision, sampling of closed cases taking place has highlighted training required. A training plan is also in place with has an evidence log to demonstrate competency which officers are required to keep up to date. This has been rolled out for the team.</p>	31/10/2020

ECINS Security Assessment	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>There were no IP restrictions or two-factor authentication (2FA) process in place for Ashfield DC user access to the e-Cins system.</p> <p>We recommend that the Council raises a formal feature request for the introduction of 2-factor authentication in future releases of the system, or looks to restrict access to an authorised IP range. An acceptable usage policy should be defined for accessing the system outside the Council's private network.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Police objected to this during early discussions with the Council and IT. To address these officers will be required to remote desk top into the Council's IT and access Ecins from here. Training and signing a MOU will ensure all officers understand the requirement moving forwards. To liaise with system provider to establish if there is an audit trail of IP address (these should all be one IP address).</p>	30/06/2018
Status Update Comments	Revised Date
<p>Ecins have stated that it can be done from the users action logs, however when tested this information was not available. The ECINS webpage whilst accessible to those that know the address is not accessible through any google search or similar.</p> <p>The PCC hold the contract with the service supplier and pay for the system on behalf of the County. There is a countywide Ecins meeting with the programme manager (appointed by the OPCC) as well as local meetings between ADC and the programme manager and all audit recommendations have been raised.</p> <p>The Council has requested the introduction of 2-factor authentication and/or restricts to an authorised IP range but this was not implemented. The E-cins access request form is on the intranet and the terms and conditions on the second screen highlights the requirements for accessing the system which MUST only be made through Council provided equipment or remote desktop working. The supplier has been asked to</p>	31/12/2020

Ashfield District Council – Audit Progress Report

provide a report that evidences that only Council approved access has been used.

ECINS Security Assessment	Rec No. 10
Summary of Weakness / Recommendation	Risk Rating
<p>Current administrators of the system did not appear to have been sufficiently trained on the accessibility and whereabouts of security related reports that would need to be utilised for effective systems and security management.</p> <p>We recommend that management defines, documents and implements comprehensive security based training to all users granted organisation admin rights to allow them to effectively manage the security of the system and its users.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>This will be raised to the project lead (PCC office) as per audit recommendations for this to be included in training for persons with organisation admin rights. The Ecins lead for the Council will prepare documents with project lead for review and sign off.</p>	30/09/2018
Status Update Comments	Revised Date
<p>The PCC hold the contract with the service supplier and pay for the system on behalf of the County. There is a countywide Ecins meeting with the programme manager (appointed by the OPCC) as well as local meetings between ADC and the programme manager and all audit recommendations have been raised.</p> <p>ECINS does provide reporting that can highlight the volume of access by users in terms of when it was last accessed, by who, how much data they have added to the system etc. It would be up to ADC to set regulations and conventions around what policies they would like to see enforced against this data, e.g. users who have not logged on for thirty days or more get access suspended. These functions are all available through the stats and lists function of ECINS.</p> <p>Nottingham City Council are developing a number of guidelines/conventions and best practice approaches which upon completion will be shared across the programme. The Ecins Manager is happy to discuss at the next local delivery group what might be a good approach at ADC. The Ecins Manager is in the process of finalising an organisational best practice guide.</p> <p>The training provided by the programme at present is basic user training reflecting the agreed usage conventions for the system across the county (now echoed across the east midlands). The idea for more advanced organisation admin training is a good one and something which the Ecins manager is looking into. An appropriate training programme has been requested from the supplier.</p>	31/12/2020

ICT Performance Management	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>Despite commitment to performance management in the Councils latest Technology Strategy, we could not find any documented performance management metrics and goals to support this. Similarly, performance metrics for IT did not appear to be subject to annual review, or agreed or monitored by the Council.</p> <p>We recommend that Management defines performance management metrics for the IT service, and implements policies and procedures for monitoring and reporting compliance. Metrics, goals and targets should also be subject to annual review.</p>	Moderate Risk

Ashfield District Council – Audit Progress Report

Management Response/Action Details	Action Date
There is a review of the ICT Helpdesk due shortly where performance metrics will be defined and agreed.	01/09/2018
Status Update Comments	Revised Date
This action will fall in line with the new service desk application. Action on hold due to COVID-19.	30/09/2020

ICT Performance Management	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Reviews of the team's performance in relation to the resolution of incidents and service requests did not appear to comply with a formal schedule, and evidence of previous reviews could not be provided as the actions/discussions were not documented in minutes.</p> <p>We recommend that Management defines a schedule for reviewing performance of incident and request resolution times, and ensures any agreed actions are documented in minutes which are retained.</p>	Moderate Risk
Management Response/Action Details	Action Date
There is a review of the ICT Helpdesk due shortly where performance metrics will be defined and agreed.	01/09/2018
Status Update Comments	Revised Date
This action will fall in line with the new service desk application. Action on hold due to COVID-19.	30/09/2020

Risk Registers	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>The Council had not formally considered and documented its risk appetite.</p> <p>We recommend that the Council formally assesses and documents its risk appetite as soon as practically possible. As a core consideration of the Council's risk management approach, formally documenting its risk appetite could help the Council to make informed decisions, achieve its goals and support sustainability. We recommend that the Council formally assesses and documents its risk appetite as soon as practically possible.</p>	Moderate Risk
Management Response/Action Details	Action Date
Risk appetite has now been assessed for all corporate and service level risks and incorporated into reports. To continue this approach for Audit Committee reporting.	30/09/2019
Status Update Comments	Revised Date
The analysis of the risk appetite has been prepared on a service by service area basis. This was also completed for our corporate risks last October and now in place for all the service areas. Action date revised to September 2020 to allow evidence to be provided.	30/09/2020

Depot Investigation	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>The Zeus time recording system was not being used fully and consistently across the Service.</p> <p>We recommend that Management ensure that employee time is recorded accurately, fully and consistently. Management should perform adequate checks to</p>	Moderate Risk

Ashfield District Council – Audit Progress Report

ensure time recording systems are being used as expected and hold staff to account where appropriate. Training should be given to staff where required and supported by procedural guidance notes.	
Management Response/Action Details	Action Date
Review of time recording systems and policy. Training and reminder messages for managers and officers. Introduce spot checks.	30/09/2019
Status Update Comments	Revised Date
Policy has been reviewed and circulated to trade unions. Training is still to be finalised. Due to other commitments, deadline needs to be extended.	31/10/2020

Depot Investigation	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Management and staff were not always adhering to the Council's Leave Policy with meeting requests being used to request and approve leave.</p> <p>We recommend that Management ensure they are complying with the Councils Leave Policy and use the official process to authorise and record leave. After the year end, a sample of leave records should be examined by Management, independently of authorising Managers, to check for accuracy and review the appropriateness of records maintained.</p>	Moderate Risk
Management Response/Action Details	Action Date
Review policy. Implementation of electronic leave request and approval system through MyView. Training and reminder messages for managers and officers. Introduce sample checks	01/04/2020
Status Update Comments	Revised Date
<p>Policy has been reviewed and circulated to trade unions. Training is still to be undertaken. This has been put on hold due to retirement of the System Administrator and COVID-19.</p> <p>MyView is being rolled out to all Services, this is behind schedule due to COVID-19 however the roll out has recommenced using a virtual platform for the training and assistance.</p>	31/07/2021

Depot Investigation	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>We were informed by the Investigating officer that the Transport Manager's Purchase card had been photocopied and was available for use, unsecured in the general office.</p> <p>We recommend that all Purchase Card holders are reminded of the corporate policy and their personal responsibilities in relation to holding a card. Management should take appropriate action where instances of misuse are found.</p>	Moderate Risk
Management Response/Action Details	Action Date
Carry out a review of the policy and procedure and then roll out to officers through the provision of information and training.	31/10/2019
Status Update Comments	Revised Date
The use of Purchase Cards is currently under review and restrictions are being placed on cards aligned to the specific nature of services provided. Policy will be revised and training provided in accordance with the revised Policy by no later than 30 November 2020.	30/11/2020

Ashfield District Council – Audit Progress Report

Depot Investigation	Rec No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>There were variances between Directorates over the controls in place for the authorisation and the recording and retention of supporting information for Purchase card usage.</p> <p>We recommend that corporate guidance is provided to Card holders which detail how they should be authorising and recording card purchases and the requirements for supporting information retention. The use of Purchase cards should be subject to regular Management oversight.</p>	Moderate Risk
Management Response/Action Details	Action Date
Carry out a review of the policy and procedure and then roll out to officers through the provision of information and training. The revised policy will include a process for ensuring management oversight.	31/10/2019
Status Update Comments	Revised Date
The use of Purchase Cards is currently under review and restrictions are being placed on cards aligned to the specific nature of services provided. Policy will be revised and training provided in accordance with the revised Policy by no later than 30 November 2020.	30/11/2020

Anti-Fraud	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>The Anti-fraud Sub-group had not met regularly for some months and the Baseline Assessment had not been completed. Therefore the review of the Council's anti-fraud measures could not be completed.</p> <p>We recommend that the Service Manager, Revenues & Benefits, resumes the Anti-fraud Sub-group meetings with a priority action to complete the Baseline Assessment. This will enable the group to compare the Council's anti-fraud activities with good practice in each service area and produce a development plan. Regular updates should then be provided to Management, the Anti-Fraud Group and the Audit Committee.</p>	Moderate Risk
Management Response/Action Details	Action Date
Data-matching Sub-Group Meetings will resume and will report on its actions to the main Anti-Fraud Officer Working Group.	31/03/2020
Status Update Comments	Revised Date
Action on hold due to COVID-19.	30/09/2020

Ashfield District Council – Audit Progress Report

Anti-Fraud	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>The Council's use of the NFI and Data Matching exercises to identify fraud and error had been limited. We were unable to identify the Council's plans for further development in this area.</p> <p>We recommend that the Service Manager, Revenues & Benefits, evaluates the current NFI and Data Matching provision within the Council and explores results of the NFI and Data Matching exercises to determine which of the matches should be pursued and appropriately resourced. The Service Manager, Revenues & Benefits should also evaluate the suggested further actions in the Anti-Fraud Review and make appropriate recommendations to the Anti-Fraud Group in order to develop and embed an anti-fraud culture within the Council.</p>	Moderate Risk
Management Response/Action Details	Action Date
The Council is considering its current arrangements and will review these in light of best practice in order to develop an action plan designed to embed an anti-fraud culture within the Council including carrying out NFI and data matching exercises.	31/03/2020
Status Update Comments	Revised Date
Action on hold due to COVID-19.	30/09/2020

Procurement	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>There was no formal contract in place between the Council and the provider of procurement services.</p> <p>We recommend that the Council produce a contract for the provision of procurement services as a matter of urgency. We would expect that the contract would be a comprehensive document that would include clauses covering:</p> <ul style="list-style-type: none"> • How the service is hosted • Financial and other arrangements (e.g. VAT, use of council property, services) • Governance arrangements • Monitoring arrangements • Right of access • Third party assurance • Issue Escalation/Dispute Resolution • Break clauses • Contingency arrangements • Exit strategy 	Moderate Risk
Management Response/Action Details	Action Date
The contract is currently in Legal and being drafted. Delays have occurred due to unforeseen circumstances not related to the contract. This will require the approval of both sides and time must be allowed for negotiation and clarification.	31/03/2020
Status Update Comments	Revised Date
Revised contract still being considered by ADC and NCC Legal teams. Proposed contract was due to be presented to Cabinet on 30th June 2020 but was postponed to enable sufficient time to address COVID-19 related issues. To be ratified by Directors of Resources and Business Transformation and Legal and Governance.	31/10/2020

Ashfield District Council – Audit Progress Report

Procurement	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>The Contracts Register did not include all of the Council's contracts or all of the information required by the Local Government Transparency Code 2015. As such, it did not completely fulfil the purpose of a Contracts Register.</p> <p>We recommend that the officer with designated responsibility for managing the Contracts Register carry out an exercise to ensure that it is a full and complete record of all contracts in place in the Council. We further recommend that the information included in the Contract Register is reviewed to ensure that it fully complies with the requirements of the Transparency Code.</p>	Moderate Risk
Management Response/Action Details	Action Date
Officers will review and determine an appropriate method for managing the Contracts Register moving forward, ensuring that all data required is published.	31/03/2020
Status Update Comments	Revised Date
Responsibility for overall corporate provision and updating of suitably robust contracts register has been realigned to be a responsibility of the Finance service following the departure of the Commercial Development Service Manager.	30/11/2020

Procurement	Rec No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>The Council were not publishing the required data for the contracts where invitations to tender over the value of £5,000 had been raised in the previous quarter, as required by the Local Government Transparency Code 2015.</p> <p>We recommend that details of Invitations to Tender are separated from the Contracts Register and published in their own Register. This should be added to the Council's website as soon as is practically possible and updated quarterly. The following details should be recorded, as required by the Local Government Transparency Code 2015:</p> <ul style="list-style-type: none"> • Reference number. • Title. • Description of goods and/or services sought. • Start date, end date and review dates. • Department responsible. 	Moderate Risk
Management Response/Action Details	Action Date
Officers will review and determine an appropriate method for managing this information moving forward, ensuring that all data required is published.	31/03/2020
Status Update Comments	Revised Date
Responsibility for collating and publishing required contracts data has been realigned to be a responsibility of the Finance service following the departure of the Commercial Development Service Manager.	30/11/2020

Ashfield District Council – Audit Progress Report

Fire Safety	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>Not all entrance doors to flats comply with Fire Safety Regulations.</p> <p>We recommend that the Council reviews all flat entrance doors to identify those which do not comply with Fire Safety Regulations, or those that have failed recent government tests. The Council should then take action to ensure the appropriately accredited fire safety doors are installed at the entrances to all flats.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>An assessment of all flat entrance doors has been completed and the results forwarded to the Assets & Investment Section for building into future door replacement programme(s). However, due to uncertainties around the manufacture, testing, certification and subsequent affected supply of composite fire doors, it is currently not possible to identify a definitive timescale for completion. The option to use alternative timber fire doors of the appropriate fire safety standards and specification are currently being looked into.</p>	<p>31/03/2020</p>
Status Update Comments	Revised Date
<p>Assessments have been done, and project has been mobilised, however, due to restrictions on COVID-19 all major works have been postponed.</p>	<p>31/10/2020</p>

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