Cheshire East Council
Interim Report for Those Charged with Governance

Year ended 31 March 2024

Report issued - 20 February 2025

EY
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Audit and Governance Committee
Westfields
Middlewich Road
Sandbach
CW11 1HZ

20 February 2025

Dear Audit and Governance Committee Members

2023/24 Interim Report

We are pleased to attach our interim report, summarising the status of our audit for the forthcoming meeting of the Audit and Governance Committee. We will update the Audit and Governance Committee at its meeting scheduled for 24 February 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Cheshire East Council (the Council) accounting policies and judgements and material internal control findings.

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

The Audit and Governance Committee, as the (Council's) body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We reported at the meeting of the Audit and Governance Committee on the 5 December 2024 that although we commenced with planning of the audit ahead of the 2023/24 backstop date, as a result of:

- the 2022/23 audit not having been concluded (at the date of the meeting of the Audit and Governance Committee);
- the appointment of EY by the PSAA Ltd being late in the appointment process and that our 2023/24 audit could not subsequently start until October 2024; and
- that due to other operational commitments on the finance team there have been delays in the provision of supporting information.

We were therefore not in a position to obtain sufficient evidence to be able to conclude that the financial statements of the Council are free from material and pervasive misstatement before the 28 February backstop date and therefore anticipated issuing a disclaimed 2023/24 audit opinion. Since the meeting of the Audit and Governance Committee we have accepted four objections, from a local elector, on the 2023/24 financial statements and until these objections have been considered we will not be in a position to issue a disclaimed opinion. Once our work in relation to these objections is finalised, we will be able to issue this opinion.

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

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

Yours faithfully

Hassan Rohimun

Partner

For and on behalf of Ernst & Young LLP

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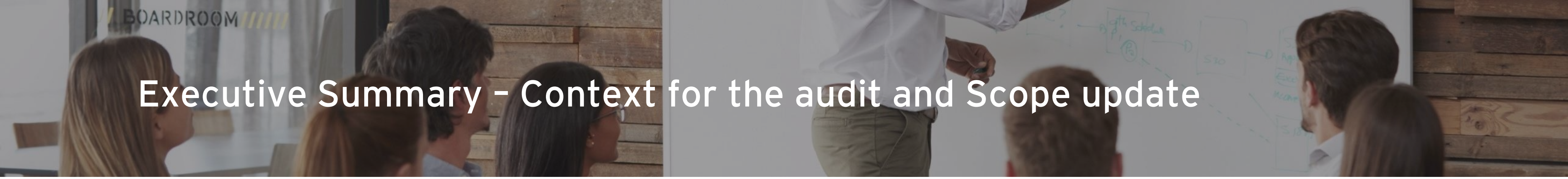
Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

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

01 Executive Summary



Executive Summary – Context for the audit and Scope update

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

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

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

MHCLG (formerly DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

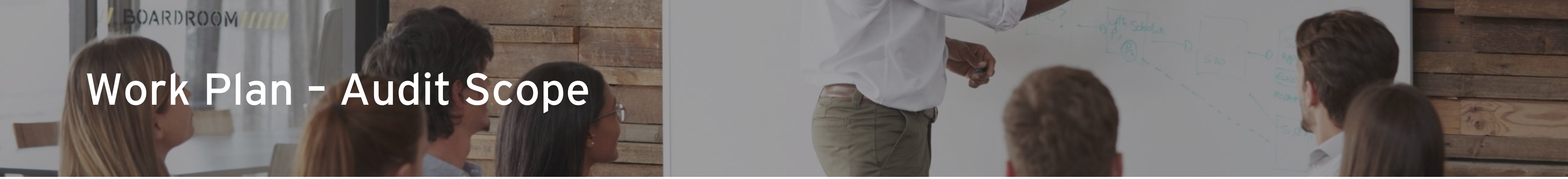
Scope update

We reported at the meeting of the Audit and Governance Committee on the 5 December 2024 that although we commenced with planning of the audit ahead of the 2023/24 backstop date, as a result of:

- the 2022/23 audit not having been concluded (at the date of the meeting of the Audit and Governance Committee);
- the appointment of EY by the PSAA Ltd being late in the appointment process and that our 2023/24 audit could not subsequently start until October 2024; and
- other operational commitments on the finance team there have been delays in the provision of supporting information;

we were not in a position to complete our planned procedures and obtain sufficient evidence to enable us to conclude our financial statements audit of the Council before the 28 February 2025 backstop date and as a result we anticipated issuing a disclaimed audit opinion. Since the meeting of the Audit and Governance Committee we have accepted four objections, from a local elector, on the 2023/24 financial statements, until these objections have been considered we will not be in a position to issue a disclaimed opinion before the 28 February 2025 backstop date. Once our work in relation to these objections is finalised, we will be able to issue this opinion.

02 Work Plan



Work Plan – Audit Scope

Audit scope

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

- Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2024 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 4.

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

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

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

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

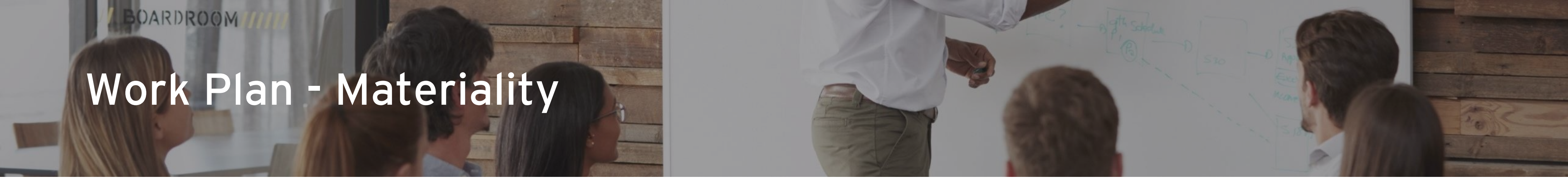
Given that SI 2024/907 imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

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

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

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

We have accepted four objections, from a local elector, on the 2023/24 financial statements and until these objections have been considered we will not be in a position to issue our disclaimed opinion. Once our work in relation to these objections is finalised, we will be able to issue this opinion.



Work Plan - Materiality

Group and Council Materiality

Planning materiality

£9.1m

Group / Council materiality has been set at £ 9.1m / 9.0m, which represents 1% of 2023/24 gross expenditure on provision of services.

Performance materiality

£4.6m

Group / Council performance materiality has been set at £4.6m / £4.5m, which represents 50% of materiality.

Audit differences

£0.5m

We will report all uncorrected misstatements relating to the Group / Council primary statements greater than £0.5m. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Governance Committee.

To ascertain the significance of issues in the draft financial statements we have set materiality based on the 2023/24 draft statements of accounts. We have considered updating this materiality for any key changes or known factors from that year. We determined that our audit procedures would be performed using a materiality of £9.1m. This level of materiality remains appropriate for the actual results for the financial year.

Work Plan – Significant, inherent and other risk areas

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

Audit risks and areas of focus

Risk/area of focus	Risk identified	Details
Management Override: Misstatement due to fraud or error	Fraud risk	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Overstatement of Fees, Charges and Other Service Income	Fraud risk	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We consider the risk to be relevant to those significant revenue streams other than taxation receipts and grant income, where management has more opportunity to manipulate the period in which the income is reported. Specifically, our risk is focused on the occurrence of other income (including fees and charges, rentals and other income), where management may have overstated income in the current financial year. This is likely to occur around the end of the financial year (i.e. bringing forward income from the subsequent year) and would also lead to an overstatement of Debtors (excluding collection fund debtors), therefore we associate this risk to that balance too.
Understatement of other operating expenditure and associated accrual balances	Fraud risk	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We assess that this risk manifests itself in the understatement of expenditure (completeness of expenditure and associated accruals balances) in order to manage the Council's financial position. We consider this risk does not apply to payroll. This could also extend to non-recognition of required provisions.
Inappropriate allocation of revenue expenditure to unusable reserves	Fraud risk	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed that the most likely ways this risk may manifest is through the inappropriate capitalisation of revenue expenditure, or through inappropriate reallocation of expenditure to either the Capital Adjustment Account or Dedicated Schools Grant Reserve.
Valuation of Land and Buildings including Investment Property	Significant risk	Land and buildings represent significant balances in the Council's financial statements and are subject to valuation on a periodic basis. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year end balances recorded in the balance sheet. We will specifically focus on assets where a higher degree of estimation uncertainty exists: ➢ Depreciated Replacement Cost (specialised operational assets for which an active market does not exist); ➢ Fair Value (surplus assets valued at the price that would be received to sell an asset); and ➢ Existing Use Value (operational assets for which there is an active market to provide comparable evidence). The Council engages external property valuation specialists to determine asset valuations and small changes in assumptions when valuing these assets can have a material impact on the financial statements.

Work Plan – Significant, inherent and other risk areas

Audit risks and areas of focus

Risk/area of focus	Risk identified	Details
Valuation for Pension assets / liabilities and disclosures	Significant risk	The Local Authority Accounting Code of Practice and IAS19 require the Council to make disclosures within its financial statements regarding its membership of the Local Government Pension Scheme. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.
IFRS 16 Preparedness	Higher Inherent risk	Local authority code board CIPFA LASAAC has confirmed that local authorities will need to implement IFRS 16 Leases from 1 April 2024. For the 2023/24 financial statements, the Council is required to assess the financial impact of these expected changes and disclose them in the financial statements.
Minimum revenue provision	Higher Inherent risk	Local authorities are required to charge a Minimum Revenue Provision (MRP) to the General Fund in each financial year. The calculation of this charge is based on the Capital Financing Requirement. Local authorities have flexibility in how they calculate MRP but need to ensure the calculation is 'prudent'. With significant capital investment at the Council, there is a risk that provision has not been calculated in line with CIPFA guidance and does not consider or include all relevant balances.
Preparation of Group Financial Statements	Higher Inherent risk	The Council has a controlling interest in several organisations, the most significant being Ansa Environmental Services and Alliance Environmental Services. The Local Authority Accounting Code of Practice requires the Council to prepare group financial statements to consolidate the Council's interests, unless these interests are considered not material. The Council conducts an annual review to consider its group boundary and whether its interest in private companies are material; and consequently, whether group financial statements are required.
Private Finance Initiative	Higher Inherent risk	The Council has a Private Finance Initiative (PFI) arrangement jointly with Cheshire West and Chester Council in respect of Extra Care Housing, the FY24 year-end liability in respect of this is £33m. This leads to complex, material transactions and there is a risk that the PFI model is incorrect and therefore the associated accounting treatment and disclosures are not correctly reflected in the financial statements.
Going concern	Higher Inherent risk	The Council exceeded budget by £6m in 2022/23 and £8.5m in 2023/24 with general fund balances reducing from £81.1m at the 31 March 2023 to £43.2m at the 31 March 2024. The financial position of the Council remains challenging, and the Council will need to undertake a going concern assessment covering a period up to 12 months from the expected date of final authorisation of the accounts. It will also need to make an appropriate disclosure in the financial statements of the going concern assessment which has been undertaken
Infrastructure assets	Area of focus	In 2022, CIPFA issued an adaptation to the Code of Practice on Local Authority Accounting and DLUHC issued a Statutory Instrument (The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022) to temporarily address the issue of accounting for Infrastructure Assets. Given the temporary measures introduced local authorities should consider their processes and records concerning infrastructure assets in preparation for the end of the measures. We will assess the work the Council has undertaken to prepare for the expiration of the statutory override instrument.

Work Plan - Independence

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

Required communications

Planning stage

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

The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).

- All proposed NAS for PIE audit clients will be subject to a determination of whether the service might create a self-review threat (SRT), with no allowance for services related to amounts that are immaterial to the audited financial statements.

Final stage

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

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

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

Work Plan - Independence

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

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Hassan Rohimun, your Audit Engagement Partner, and the audit engagement team have not been compromised.

Self interest threats

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

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately nil:nil. No additional safeguards are required.

Self review threats

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

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

Management threats

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

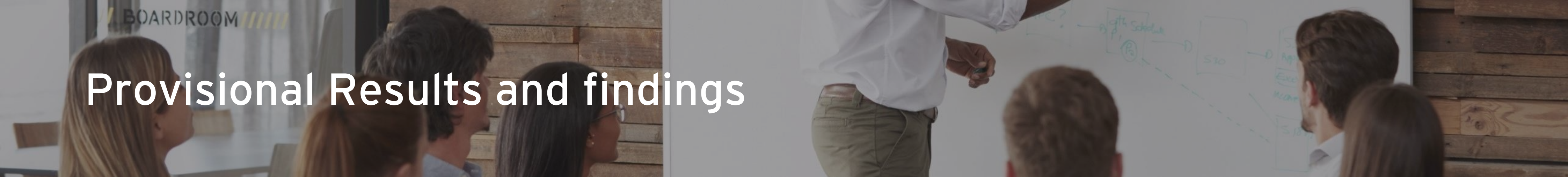
There are no management threats at the date of this report.

Other threats

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

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

03 Results and findings



Provisional Results and findings

Status of the audit

The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Completion of subsequent events procedures; and
- Receipt of a signed management representation letter.

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). Since the meeting of the Audit and Governance Committee on 5 December 2024 we have accepted four objections, from a local elector, on the 2023/24 financial statements once these objections have been considered and concluded we will consider if there are any matters requiring a report or whether there are any issues relating to our financial statements or value for money audit responsibilities.

Value for Money

The position of our value for money (VFM) work undertaken to date is reported in Section 4 of this report. We had identified risks of significant weaknesses in arrangements and having updated and completed the planned procedures in these areas we did identify significant weaknesses.

Audit differences

We have not identified any audit differences, either adjusted or unadjusted to bring to your attention.

The Council should ensure that in approving the Statement of Accounts, all prior year comparative figures agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 officer.

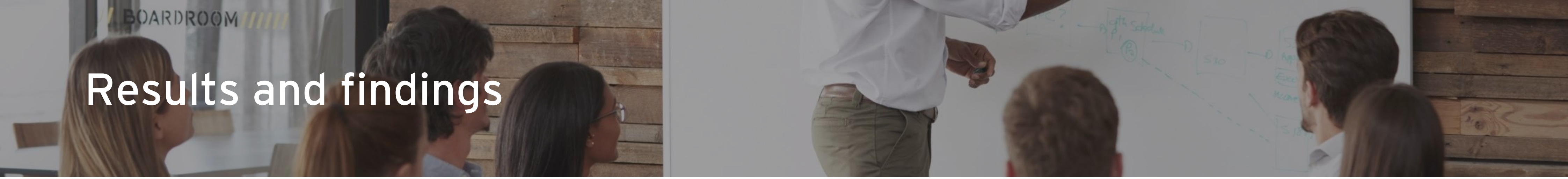
Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council as our audit is ongoing we have yet to conclude if there are any matters to report as a result of this work.

The NAO are yet to confirm if further assurances are required following the release of their group instructions for 2023/24. We cannot issue our audit certificate until the NAO have confirmed that no further work is required.

Control observations

During the audit, we have noted that Internal Audit have issued a limited assurance opinion following their planned work for 2023/24 and that the Council have identified in the Annual Governance Statement areas where improvements in control are required. We have identified 3 control recommendations that we have set out in Section 05 of this report. Until the audit is complete, we may identify other control observations; if we do, we will include in any further reports.



Results and findings

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Cheshire East Council. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

We request that you review these and other matters set out in this report to ensure:

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

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

Independence

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

Other matters

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

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

We have no other matters to report.

Audit Report Section of ARR

Expected modifications to our audit report

As set out within this report we have also not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over closing balances and in-year transactions.

Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

The form and content of the Audit Report will be shared with the Section 151 officer to enable you to formally authorise the 2023/24 financial statements for issue.

04 Value for Money

VFM – Purpose and Risks of Significant Weakness

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a ‘conclusion’ or ‘opinion’, but where significant weaknesses are identified we will report by exception in the auditor’s opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor’s Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03). The purpose of this commentary is to explain the work we have undertaken during the period 1 April 2023 to 31 March 2024 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

The interim report sets out the following areas which have been assessed up to the point of issuing this report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified; and
- Findings to date from our planned procedures.

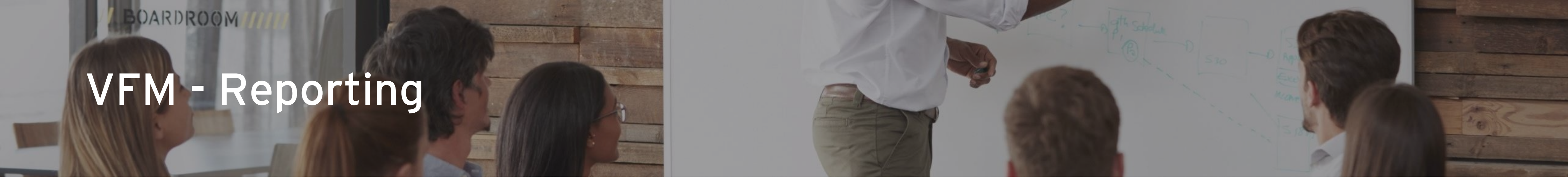
We have accepted four objections, from a local elector, on the 2023/24 financial statements once these objections have been considered and concluded we will consider if there are any matters requiring a report or whether there are any further issues relating to our value for money audit responsibilities.

Risks of Significant Weakness

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

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the interim Executive Director Resources (S151 Officer) and acting Director of Finance (Deputy S151 Officer);
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures identified risks of significant weaknesses in the Council's VFM arrangements.



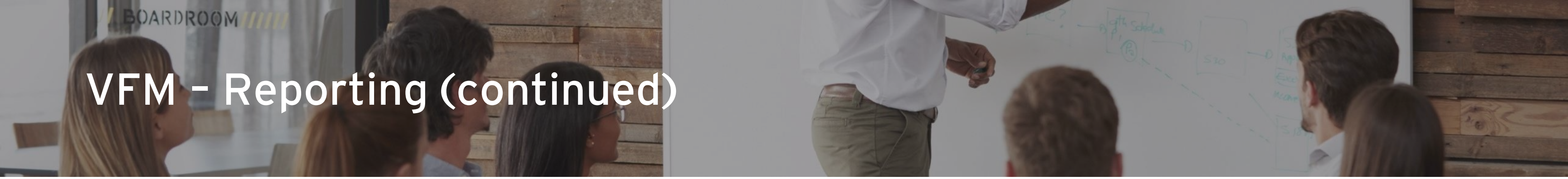
VFM - Reporting

Reporting

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria this will be reported to the Audit and Governance Committee once our work on value for money is complete.

The table below sets out the three reporting criteria, where we identified a risk of significant weakness from our planning procedures or the work undertaken to date, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

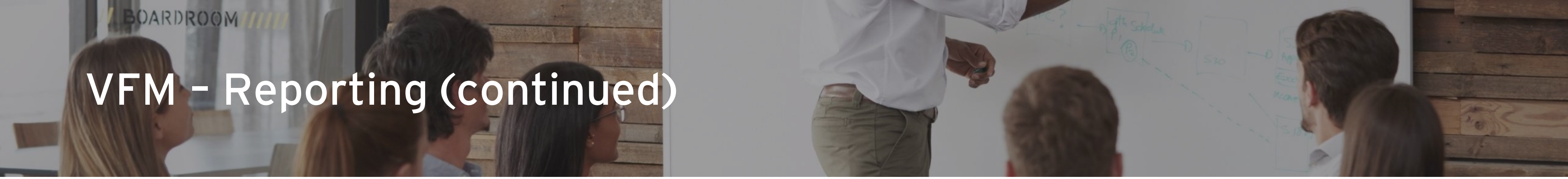
Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	<u>**Medium Term Financial Strategy**</u> Despite increases in the net budget of £16.6m in 2022/23 and £25.4m in 2023/24 the Council exceeded budget by £6m in 2022/23 and £8.5m in 2023/24 with general fund balances reducing from £81.1m at the 31 March 2023 to £43.2m at the 31 March 2024. The 28 November 2024 "2nd Financial Review Report" outlines that the 2024/25 budget was based on the planned £22m use of reserves and the achievement of £30m of savings; as at November 2024 forecast revenue outturn is an adverse variance of £20.1m.	At the 6 February 2025 meeting of the Corporate Policy Committee, the section 151 officer reported that the forecasted overspend of £18.3m for 2024/25 remains a significant financial challenge for the Council. The Council's level of reserves are insufficient to cover the current forecast revenue outturn for the year without further action. On 1 April 2024, Earmarked Reserves totalled £32.3m and the General Fund Reserves £5.6m. Of the total earmarked reserves, more than £22m (70.5%) will be spent supporting the revenue budget for 2024/25 The Council's Medium Term Financial Strategy 2024-28 is not sustainable without central Government support and the Council is at risk of issuing a S114 notice in the future. Significant weakness in arrangements for 2023/24.



VFM – Reporting (continued)

Reporting

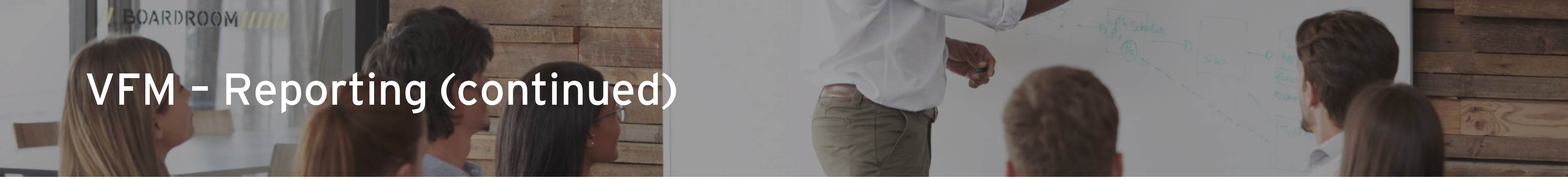
Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Governance: How the Council ensures that it makes informed decisions and properly manages its risks **Improving economy, efficiency and effectiveness:** How the Council uses information about its costs and performance to improve the way it manages and delivers its services	<u>**Ofsted Report**</u> The May 2024 OFSTED report on the Council's children's services rated the service overall as inadequate and outlined that the Council needs to improve: • Senior leaders' oversight of performance to ensure that there is a coherent approach to continuous improvement. • The quality, consistency and responsiveness of support, advice and guidance for care leavers, including those who are homeless, with additional vulnerabilities, and those who are over 21 years of age. • The quality of management oversight and supervision to ensure that consistent, good social work practice is in place. • The quality of plans for children to ensure that they are more child-focused and drive forward positive change in a timely way. • The quality and frequency of visits to children so that the visits are purposeful and in line with assessed needs. • The sufficiency of suitable placements that can meet children and young people's assessed needs. • The effectiveness of child protection chairs and independent reviewing officers (IROs) to escalate, challenge and scrutinise plans for children	On the 24 July 2024 the Secretary of State issued an improvement notice to the Council following the significant concerns highlighted by the publication of OFSTED's inspection report of the Council's Children's Social Care Services on 16 May 2024. The Secretary of State chose to retain the support of an Improvement Adviser in Cheshire East, to provide advice to the Department for Education and the Council. The Council were required to work with the Adviser and establish an improvement plan, that will deliver appropriate and sustainable improvement, to cover the areas identified in the OFSTED report as well as recommendations made by the appointed Improvement Adviser. The findings of OFSTED and the improvement notice issued by the Secretary of State is evidence of significant weaknesses in arrangements for: • How the Council ensures that it makes informed decisions and properly manages risks. • How the Council uses information about its costs and performance to improve the way it manages and delivers its services. Significant weaknesses in arrangements for 2023/24.



VFM – Reporting (continued)

Reporting

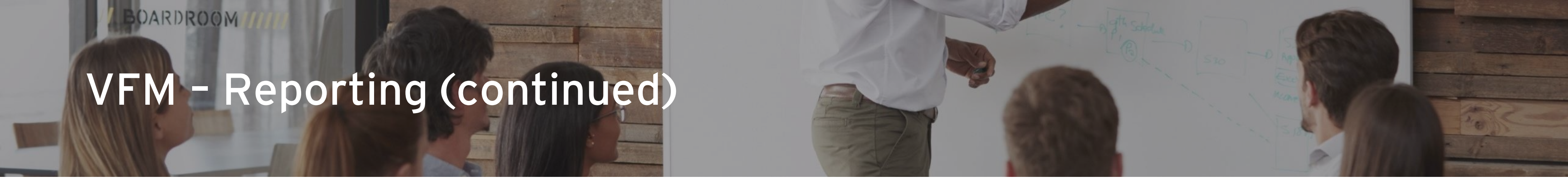
Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services **Governance:** How the Council ensures that it makes informed decisions and properly manages its risks **Improving economy, efficiency and effectiveness:** How the Council uses information about its costs and performance to improve the way it manages and delivers its services	<u>**Peer Review**</u> In March 2024 Cheshire East Council invited the Local Government Association to undertake a corporate peer challenge. The report identified that the Council needs to address a number of significant issues, the most immediate being the organisation's financial sustainability which is in jeopardy. The team outlined that this would require concentrated and coordinated activity to resolve challenges of capacity, governance, and organisational culture as well as the need to develop long-term transformation and improvement plans. The peer review team identified three cultural challenges facing the Council: ➢ Firstly, the siloed nature of the Council with poor joint working across (and within) departments contributing towards challenges of service delivery and communication. ➢ Secondly, where there have been poor working relationships across services, this has resulted in a lack of compliance with corporate requests and direction. ➢ Thirdly, the lack of compliance has resulted in gaps in information and delays in action which have weakened the Council's assurance framework undermining the organisation's ability to provide internal scrutiny, challenge, and assurance as a consequence. The team identified the need for the Council to establish refreshed Council Plan that sets out the vision, priorities, and behaviours which the organisation will deliver against and recommend a new Council Plan is developed to 2028 incorporating political priorities, necessary improvement, and longer-term transformation reflecting the Council's financial context. The plan would need to: ➢ facilitate increased understanding with staff regarding prioritisation of resources and the alignment of their work and responsibilities to the organisation's goals; ➢ be accompanied by an appropriate performance management framework, appraisal process, and medium-term financial strategy; and ➢ Align to a wider review of policy and procedures such as Workforce Strategy, Communications Strategy, and the Council's approach to Equality, Diversity, and Inclusion.	Following the peer review the Council has established an action plan, comprising 73 actions, across the areas of: ➢ Financial Sustainability ➢ Transformation ➢ Leadership and Culture ➢ Strategic Purpose and Performance ➢ Good Governance ➢ Service Improvement As at November 2024 the Council were reporting that of the 73 actions: 33 had been completed; 10 were rated green and on track for completion; 12 were rated amber being on track for completion with minor issues; 7 were rated red not being on track for completion; and 11 were actions which had not yet been scheduled. Whilst the Council is responding positively to the issues identified the findings of the peer review represents significant weaknesses in arrangements for 2023/24.



VFM – Reporting (continued)

Reporting

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	**Insourcing** The Council announced it is redesigning the way in which it delivers its waste, recycling, and bereavement services. This has involved a review of two of its wholly owned companies, Ansa Environmental Services and Orbitas Bereavement Services Ltd. Following the latest stage of that review, and a decision made by the Council's finance sub-committee on 25 June 2024, the services provided by Ansa and Orbitas are to be brought back-in house and delivered directly by Cheshire East Council. This includes bin collections, street cleansing, maintenance of green spaces, fleet, social transport, bereavement services and the handyperson service.	As the decision to bring the services back in house was taken during 2024/25 and as the process is ongoing, we have concluded that this issue does not form a risk for our 2023/24 audit and that we will revisit the position as part of our 2024/25 audit.
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	**Head of Internal Audit Opinion** During 2023/24, Internal Audit produced 23 assurance reports with 13 "Limited Assurance" opinions and 1 "No Assurance" opinion. The "Limited Assurance" reports included: Purchase Cards; Use of Agency Workers; Sundry Debt Management and Recovery; Adult Social Care Debt Management and Recovery; Starter, and Contractual Changes and Leavers. The "No Assurance" opinion related to Section 106. Internal Audit also reported that during 2023/24 only 48% of agreed recommendations were implemented with the agreed timescale.	For 2023/24 Internal Audit concluded that the overall opinion on the Council's framework of risk management, governance and internal control was "Limited", with the opinion for Risk Management, Governance and Internal Control being "Adequate". "Limited" and "Limited" respectively. The findings and conclusions of Internal Audit is evidence of significant weaknesses in arrangements for 2023/24.

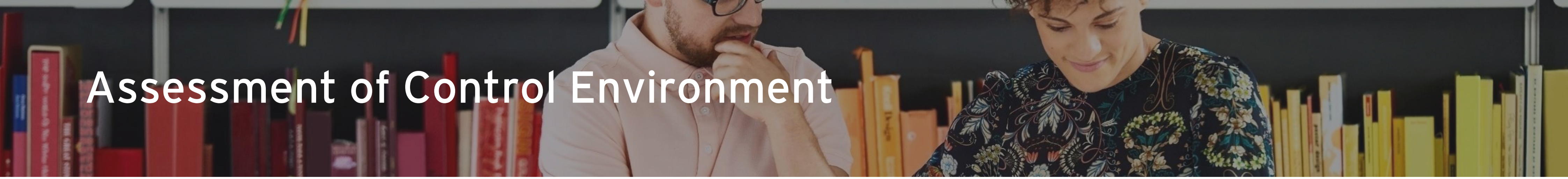


VFM – Reporting (continued)

Reporting

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Governance: How the Council ensures that it makes informed decisions and properly manages its risks **Improving economy, efficiency and effectiveness:** How the Council uses information about its costs and performance to improve the way it manages and delivers its services	<u>**Annual Governance Statement**</u> The Draft 2023/24 Annual Governance Statement (AGS) identified the following significant governance issues for 2023/24: ➢ Children Services responses to OFSTED inspection ➢ Governance and Internal Control, reflecting the findings of Internal Audit and the Peer Review. ➢ Partnership Working - the need to ensure the Council's governance arrangements for partnership working are robust, transparent and appropriately led with sufficient scrutiny and over-sight. In addition to the above Council funding which was a prior year governance issues was restated for 2023/24.	The AGS demonstrates that there are arrangements in place for the Council to identify governance issues and to establish plans to address relevant areas. However, the AGS identifies weaknesses in arrangements for 2023/24 in respect of partnership working which is represents a significant weakness.

05 Assessment of Control Environment



Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control including group-wide or at components.

The matters reported in this section are limited to those that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.

The table below provides an overview of the 'high' 'moderate' and 'low' rated observations we have from the 2023/24 audit (including IT controls).

	High	Moderate	Low	Total
Total points identified	3	0	0	3

Key:

- A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.
- Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
- Matters and/or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.

Control observations 2023/24

Financial Statements Area	R/A/G Rating	Observation	Impact / Recommendation	Management Comment
Audit preparedness		Audit evidence was not readily available at the start of the audit.	Due to other operational commitments on the finance team there were delays in the provision of supporting information. A project plan will need to be agreed to support the 2024/25 audit and in doing so management should ensure there are sufficient resources available to provide timely and accurate supporting information and working papers.	
Audit preparedness		System reports to facilitate sample selection were not available.	System reports for account balances were not available in a format to enable the identification of the true population making up the balance and facilitate our sample selection. The year end balance reports for Debtors and Creditors included full year transactions and adjustments without isolating the year end population. Management should review the system reporting functions to ensure year end reports readily identify the actual population of transactions that support the reported balances.	
Bank reconciliation		Bank reconciliation was not prepared on a regular basis.	As a result of changes in the finance team and capacity issues during the year the bank reconciliation was not undertaken on a monthly basis. We noted that the year end 31 March 2024 bank reconciliation was not completed until October 2024. The bank reconciliation is a fundamental control and management should ensure there are at least up to date monthly reconciliations undertaken during the year.	

06 Appendices

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

Non-Compliance with Laws and Regulations includes:

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

Management Responsibilities:

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

ISA 250A, para 3

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

ISA 250A, para 3

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

Audit Engagement Letter

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

Auditor Responsibilities

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

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

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

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

An understanding of the nature of the act and the circumstances in which it has occurred; and

Further information to evaluate the possible effect on the financial statements

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

ISA 250A, paras 19 and 22

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

Matter	Implication
Suspected or known fraud or bribery	Potential fraud/breach of anti-bribery legislation
Health and Safety incident	Potential breach of section 2 of the Health and Safety at Work Act 1974
Payment of an unlawful dividend	Potential breach of Companies Act 2006
Loss of personal data	Potential GDPR breach
Allegation of discrimination in dismissal	Potential non-compliance with employment laws
HMRC or other regulatory investigation	Suspicion of non-compliance with laws/regulations
Deliberate journal mis-posting or allegations of financial impropriety	Potential fraud / breach of Companies Act 2006
Transacting business with sanctioned individuals	Potential breach of sanctions regulations

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

What are the implications of NOCLAR matters arising?

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

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

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

Management response:	Audit response:
Timely communication of the matter to auditors (within a couple of days)	Initial assessment of the NOCLAR matter and its potential impact
Determine who will carry out any investigation into the matter – in-house or external specialists or mix of both	Initial consultation with risk team to determine responsive procedures and the involvement of specialists
Scope the investigation, in discussion with the auditors	Understand and agree scope of management's investigation with support from specialists as needed
Evaluate findings and agree next steps	Evaluate findings and undertake appropriate audit procedures
Determine effect on financial statements including disclosures	Determine audit related impact including accounting and disclosure and audit opinion implications
Prepare a paper, summarising the outcome of the investigation and management's conclusions	Document and consult on the outcome of our procedures
Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.	Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Key Reminders:

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

Appendix B – PSAA Statement of Responsibilities

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

Preparation of the statement of accounts

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

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

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

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

Appendix C - Summary of assurances

Summary of Assurances

As we have set out in Section 3 and the Executive Summary of this report, that we anticipate issuing a disclaimer of opinion on the 2023/24 financial statements. Due to a number of issues experienced in the provision of timely and suitable audit evidence, we have not been able to obtain assurance over the majority of balances and disclosures in the financial statements. We have set out below the assurance level we have been able to obtain in each area below.

We do not provide a separate opinion on these matters as the assurance we have gained is in the context of our audit of the financial statements as a whole, and our disclaimer of opinion on those financial statements.

Account area	Assurance rating	Summary of work performed
Journals	None	We have faced challenges in completing the data required for Data Analytics. Though we were able to map out the balances of the 2023/24 Accounts, mapping for the 2022/23 accounts was different therefore the data was not comparable. We have not reached a resolution to the mapping issues during the audit period.
Property, Plant and Equipment ('PPE')	None	We have: ➢ Reconciled balances between the general ledger and the FAR ➢ Selected samples for PPE additions and disposals in year to agree underlying evidence. Due to delays in provision of accurate listings to sample transactions from, and exacerbated by the volume of queries for a large sample, testing was not completed during the audit period. ➢ Performed a review of the existence of PPE at the Balance Sheet date. Due to issues in the quality of evidence provided, testing was not completed during the audit period ➢ Judgementally selected a sample of assets valued in year, agreeing to underlying evidence, including independently challenging key assumptions used and checking that journals for the revaluation movements had been accurately posted. We were not provided all of the requested supporting evidence and were therefore unable to complete the full set of procedures during the audit period
Investment Property	None	We have: ➢ Reconciled balances disclosed in the financial statements to the trial balance as at YE. ➢ We have agreed the disclosures to the Council's Investment Property Register. Samples were selected to test for existence. 5 out of 6 samples were tested with no exceptions noted. 1 sample was still under query when audit work has ceased. ➢ We have not completed our planned procedures under the valuations area although samples were selected. Management were not able to provide sufficient evidence to support the balance.
Intangible Assets	None	We have not completed our planned audit procedures in this area and have not obtained assurance over the closing balance at 31 March 2024.
Long Term and Short Term Investments	None	We have: ➢ Agreed the Long and short Term investments figures from the financial statement notes to the schedules provided. The balances were then reconciled to the trial balance as at YE for both long and short term investments separately. ➢ We connected each external counterparty and obtained confirmations of all long term investments and short term investments / cash equivalents. ➢ We have tested the details of the confirmations against the details which were present within underlying schedules. From the testing performed, we have completed our testing for 12 out of 19 investment balances amounting to £39.3m. 2 confirmations are yet to be received, with the rest with open queries when the audit work has ceased.
Long Term Debtors	None	We have agreed the balance of Long Term Debtors to the schedule provided and noted that majority of the balance pertains to leases, given that we have not completed our procedures related to leases, we have not obtained assurance over the closing balance at 31 March 2024 for the account.

Appendix C - Summary of assurances

Summary of Assurances

Account area	Assurance rating	Summary of work performed
Short Term Debtors	None	➢ We raised queries in relation to Debtors listings from the commencement of work in this area, however management have been unable to resolve and provide the requested reports to enable us to appropriately test the balance. ➢ We identified queries in relation to the bad debt provision, however we did not receive a response on this prior to the cessation of our work. We have not completed our planned audit procedures in this area and have not obtained assurance over the closing balance at 31 March 2024.
Cash and Cash equivalents	None	We experienced difficulties and delays in providing supporting reconciliations and explanations in order for us to complete our procedures, with the majority of detail not provided until the decision was made to cease work on the audit. We have therefore not completed our planned audit procedures in this area and have not obtained assurance over the closing balance at 31 March 2024.
Creditors (short and long term)	None	➢ We raised queries in relation to Creditors listings from the commencement of work in this area, however management have been unable to resolve and provide the requested reports to enable us to appropriately test the balance. ➢ Work to test cut-off and post-year-end payments have commenced but due to the number of queries that arose, work was not completed. We have not completed our planned audit procedures in this area and have not obtained assurance over the closing balance at 31 March 2024.
Borrowings (short and long term)	None	We have: ➢ Agreed the Long and short Term Borrowings figures from the financial statement notes, to underlying schedules. We have then agreed this to the trial balance. ➢ Approached each external counterparty and obtained confirmations of all long term borrowings and short term borrowings and tested the balance based on the confirmation responses. From the testing performed, we have tested 66 out of 70 loans with the total balance of £311.9 mil.
Provisions (short and long term)	None	We have completed our planned audit procedures in respect of existence and valuation of provisions, however due to issues in other areas of our testing we are unable to obtain assurance in respect of the completeness of provisions at 31 March 2024.
Grants received in advance	None	We have not completed our planned audit procedures in this area and have not obtained assurance over the closing balance at 31 March 2024.
Local Government Pension Scheme Liability	None	We have not completed our planned audit procedures in this area and have not obtained assurance over the closing balance at 31 March 2024.
Reserves	None	We have not completed our planned audit procedures in this area and have not obtained assurance over the closing balance at 31 March 2024.
Comprehensive Income and Expenditure Statement (including staff costs)	None	We have not completed our planned audit procedures in this area and have not obtained assurance over the closing balance at 31 March 2024.
Group financial statements and consolidation		Due to the number of areas feeding into the consolidated statements that were not subject to full audit procedures, it was determined to reduce the priority of reviewing group disclosures, as such this area has not been audited.

Appendix C - Summary of assurances

Summary of Assurances

Account area	Assurance rating	Summary of work performed
Cash Flow Statement	None	Given the extent of assurance gained across the financial statements, we would not be able to provide assurance over the cash flow statement.
AGS and narrative statement	Partial	We have completed our planned audit procedures for this area which are subject to executive review.
PFI Liabilities	None	We have reviewed the PFI model. However, we were unable to agree the underlying agreements and tie back the model to the disclosures on the financial statements before during the audit period due to delays experienced in the requested documents.
All other significant notes to the accounts	None	Given the extent of assurance gained across the financial statements, we would not be able tor provide assurance on all other significant notes to the accounts.
Minimum Revenue Provision	None	We have reviewed the Minimum Revenue Provision Disclosure and Policy and have raised related queries linked to the calculation method. Differences to the disclosure and the calculation was identified. We requested reports to support calculations, however, we did not receive the responses needed to complete the audit of the account.
Collection Fund and related notes	Substantial	➢ We reviewed the collection fund statement for 23/24 and obtained the Council's workings behind each balance within the statement. ➢ We reviewed the workpapers to confirm how the balances were reached, and then obtained the transactions for Council tax and NNDR for the year. We agreed the transactions to supporting evidences provided. No issues were noted.
Officer's Remuneration and Exit Packages	Substantial	We have: ➢ Reviewed Note 22 of the financial statements, which discloses remuneration bandings for officers, including school and other officers, for 2023/24. Detailed remuneration listings for both groups were obtained, and 25 samples from each group were randomly selected and tested against their payslips and other supporting documents as appropriate. ➢ Reviewed Note 23 of the financial statements, which discloses senior employees' remuneration for 2023/24. All senior employees' remuneration was tested by verifying year-to-date pay figures against their final month's payslips and the R2R216 Report, which provided a detailed breakdown of their annual pay.
Related parties	Partial	We have: ➢ Checked Note 33 for consistency with CIPFA code, knowledge of the Council and internal clerical consistency and have made reference to other parts of the audit file where relevant. ➢ Obtained a listing of the members that constitute for inclusion within the related parties testing and ensured the total amounts tested reconciles to the disclosed amount per note 33. ➢ Obtained declaration forms where each of these members stated their related parties and tested these declarations against the schedule provided and publicly published information from Companies House to determine if all interests have been disclosed. ➢ Performed procedures to address completeness documented within our group boundary assessment ➢ Performed board minutes review to confirm existence of RPTs that have not already been identified or disclosed to us by management from the minutes inspected. However, we were not able to perform our procedures related to journal entry testing to check for completeness of disclosed related party transactions.

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UKC-024050 (UK) 07/22. Creative UK.

ED None