

Audit Progress Report

Gedling Borough Council - Year ended 31
March 2022

June 2023



Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Gedling Borough Council (the Council) for the year to 31 March 2022. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

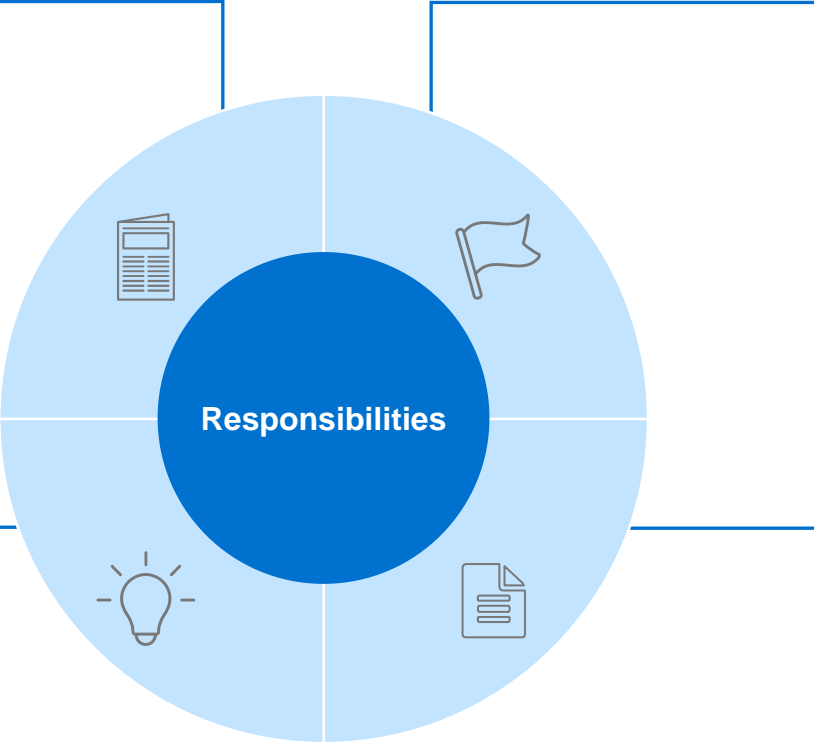
Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or the Audit Committee, as those charged with governance, of their responsibilities.

The Chief Finance Officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on: a) whether a material uncertainty related to going concern exists; and b) consider the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements.

Value for money

We are also responsible for forming a commentary on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

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 consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom

Audit Progress Update

Team Changes

Name	Role	Notes
Mark Surridge	Engagement Lead, Key Audit Partner	Due to the timing of the audit, Mark takes over from David Hoose as your engagement lead.
Michael Butler	Senior Audit Manager	Unchanged
Sameer Amin	Audit Assistant Manager	Unchanged

Audit of the financial statements

Our work on the financial statements for the year ended 31 March 2022 was substantially complete. However, the identification of actual fraud meant we were unable to continue our work until the extent of the issue could be reasonably determined.

Whilst matters are ongoing, we have reflected on the impact to our audit approach, with the intention that we will carry out this work from September 2023. A summary of our initial consideration is set out below.

These all have time and cost implications that will result in additional audit fees that will be discussed and agreed with officers.

Planning & Risk Assessment

Additional work is required to evaluate the controls in place at the Council and a re-assessment of the overall control environment, drawing from work of other agencies.

Significant audit risks

Under our planning and risk assessment process, we identify risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard.

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.

Our initial planning identified three significant audit risks, being:

- Management override of controls
- Valuation of the net defined benefit liability
- Valuation of property, plant and equipment

Currently, we do not believe there to be any need to change this risk assessment, but we will refresh our testing approach.

Assertion level risks

Based on work performed to date, we believe additional testing is required to understand the design effectiveness of key controls and then perform extended substantive testing of account balances across the income and expenditure account and the balance sheet, including, but not limited to: pay costs, supplies and services, fees and charges, debtors and creditors.

Mark Surridge

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*where permitted under applicable country laws.