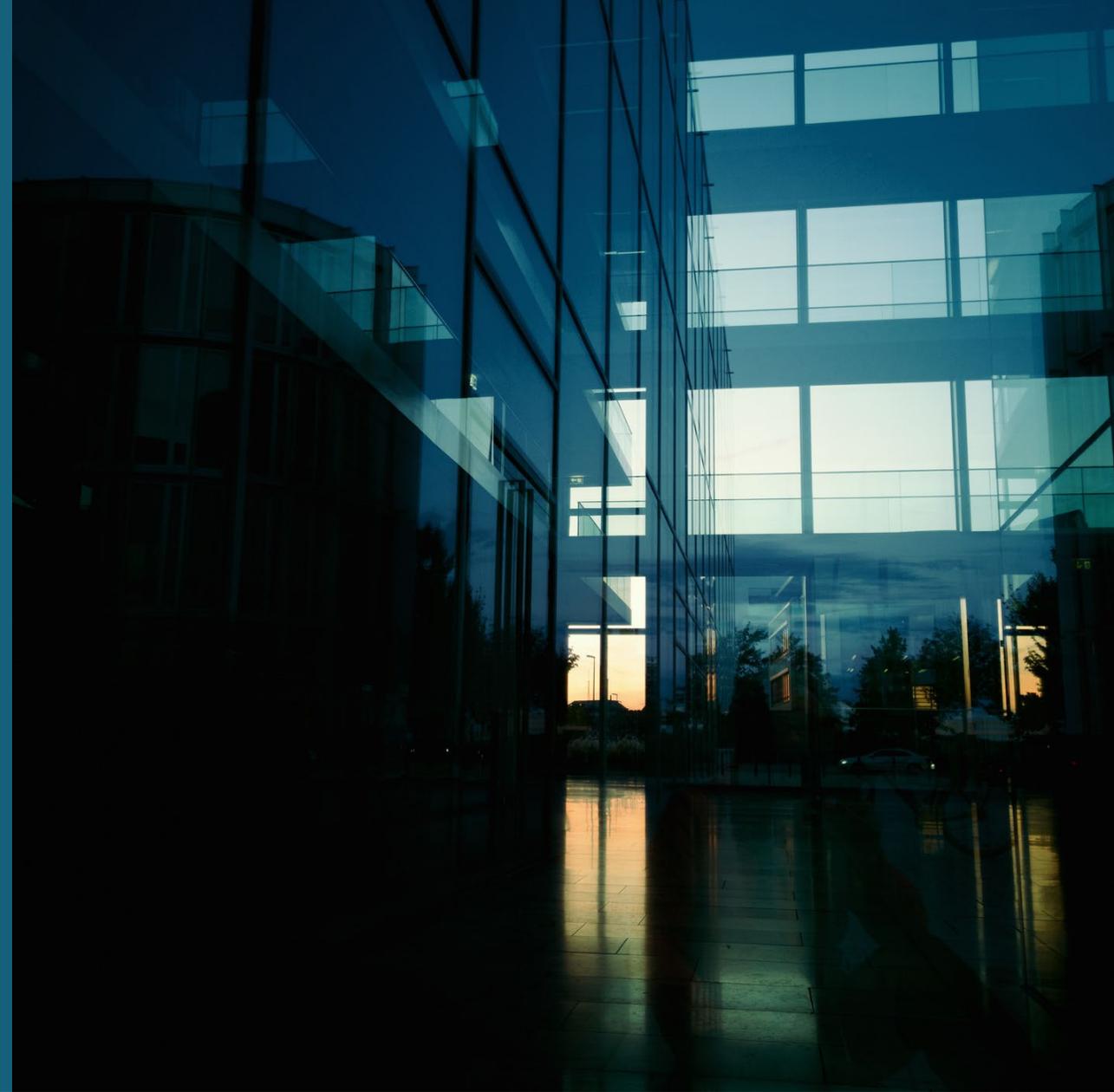


Audit Completion Report

Derbyshire County Council
Year ended 31 March 2021

November 2021



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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.



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25 November 2021

Dear Committee Members

Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021.

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 which we presented on 23 March 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We 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 at mark.surridge@mazars.co.uk.

Yours faithfully

Mark Surridge

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01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 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 on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Valuation of Net Defined Benefit Pension Liability
- Valuation of land and buildings;
- Expenditure Recognition (cut-off);
- Revenue Recognition (cut-off);
- Covid-19 Grants Recognition;
- Accounting for the waste management treatment plant (SinFin); and
- Minimum Revenue Provision (MRP).

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; there are two unadjusted misstatements. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021.

At the time of preparing this report, a few matters remaining outstanding as outlined in section 2. If necessary

we will provide an update to you in relation to the matters outstanding by issuing a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions.



Audit opinion

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

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



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. No questions or objections have been received.

Executive summary

Status of audit

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Appendices

02

Section 02:

Status of the audit

2. Status of the audit

Our work is nearly complete; there are currently no matters of which we are aware that would require modification of our audit opinion, subject to completion of work in the areas detailed below.

Audit area	Status	Description of the outstanding matters
Queries and completion		Completion of a few elements of our work, including final confirmations and discussions on compliance with laws and regulations.
WGA		We are awaiting further guidance from central government in relation to the 2020/21 process, therefore, this work is yet to start and this may impact on the timing of issuing our audit certificate to formally conclude and close the audit.
Closing procedures		Our work is subject to further quality control review procedures by the Engagement Lead and Engagement Quality Control Reviewer. In addition, some procedures, such as the review for post balance sheet events, the annual governance statement, going concern assertion, final casting check on the financial statements and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report.

-  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.



03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £30.650m using a benchmark of 2% of gross operating expenditure.

Our final assessment of materiality, based on the final financial statements and qualitative factors is £30.37m, using the same benchmark.

Specific materiality thresholds also used are:

Threshold	£'000s
Senior Officer remuneration (Bandings within the note are £5k, so therefore a one band move is considered material)	5

Reliance on internal audit

No reliance has been placed on internal audit for the 2020/21 financial audit. Enquiries have been undertaken to aid our understanding of the control environment at the Council.

Use of experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We

communicated our planned approach in the Audit Strategy Memorandum, which is confirmed as follows:

Items of account	Management's expert	Our expert
Property valuations	Internal Valuer Valuer employed by the Council	We have engaged with our own internal valuer to help support challenge and review. We have used third party evidence provided via the NAO to support our challenge of valuation assumptions.
Defined benefit pension liability	Hymans Robertson Actuary for the Derbyshire Pension Fund	NAO's Consulting Actuary (PwC)
Financial Instrument disclosures	Arlingclose Treasury management advisors	None

Service organisations

At the planning stage we did not identify any service organisations which impact on the production of the financial statements. This remains the case at the completion stage.



04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other 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 19 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; and
- any significant difficulties we experienced during the audit.



4. Significant findings

Significant risks

1. Management override of controls	<p>Description of the risk</p> <p>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.</p> <hr/> <p>How we addressed this risk</p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Accounting estimates impacting 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. <hr/> <p>Audit conclusion</p> <p>Our considerations of estimates is set out on page 18. We did not identify any significant transactions outside the normal course of business. We applied a combination of audit judgement and computer aided audit tools to analyse and perform tests over journal entries.</p> <p>Our audit work has provided the assurance we sought and has not identified any material issues to bring to your attention. There is no indication of management override of controls.</p>
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4. Significant findings

Significant risks

2. Valuation of Net Defined Benefit Pension Liability	<p>Description of the risk</p> <p>The 2020/21 financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p> <p>Relevant Account Balances (taken from the 2020/21 draft financial statements provided for audit):</p> <ul style="list-style-type: none">• Local Government Pension Scheme (LGPS) - £1026m <p>How we addressed this risk</p> <p>We reviewed the appropriateness of the LGPS Pension Asset and Liability valuation methodologies applied by the actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information by our consulting actuary. We agreed the IAS 19 valuation report provided by the actuary for accounting purposes to the pension accounting entries and disclosures in the Council’s financial statements.</p> <p>We liaised with the auditors of Derbyshire Pension Fund to gain assurance that the controls in place at the Pension Fund are designed effectively. This included 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.</p> <p>Audit conclusion</p> <p>From the work performed, we have proposed a £10m adjustment arising from a difference between the valuation information supplied to the actuary and the updated valuations in the revised accounts of Derbyshire Pension Fund. This is shown on page 29 of this report as an unadjusted misstatement. Aside from this, our work has provided the assurance sought.</p>
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4. Significant findings

Significant risks

<p>3. Valuation of land and buildings</p>	<p>Description of the risk</p> <p>Property related assets are a significant balance on the council’s balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated with such valuations, we have determined there is a significant risk in this area. This risk covers (figures have been taken from the draft 2020/21 financial statements):</p> <ul style="list-style-type: none"> • Land & Buildings (£1,198m - Note 14)
<p>How we addressed this risk</p> <p>We addressed this risk by:</p> <ul style="list-style-type: none"> • critically assessing the Council's valuers scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; • considering 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; • testing a sample of valuations, including using our own expert to review the Council's valuation of the Markham Vale Enterprise Centre; • assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends; and • assessing the approach that the Council adopts to ensure that assets are not subject to revaluation in 2020/21 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers. 	
<p>Audit conclusion</p> <p>Subject to completion of our quality control procedures, our work has provided the assurance we sought in the above areas.</p> <p>We engaged our own specialist to support our review of the Markham Vale Enterprise Centre, this found that the overall valuation was reasonable, but the methodology was not entirely appropriate where part of the valuation should have been as a finance lease not an operating lease, but the overall effect to the valuation was trivial.</p>	



4. Significant findings

Significant risks

4. Expenditure recognition (cut off)	<p>Description of the risk</p> <p>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 (FRC), which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>Having considered the factors for expenditure recognition, we believe the risk is focused on the year-end balance sheet and in particular whether cut-off (recognition in the correct financial year) is materially accurate. Having considered the make-up of expenditure, we believe the risk is prevalent in to premises, transport, and supplies & services (being £695m in Note 10 of the 2020/21 financial statements).</p> <hr/> <p>How we addressed this risk</p> <p>We addressed this risk by performing work in the following areas:</p> <ul style="list-style-type: none">• ensuring the accounting policies in relation to expenditure recognition and recognition of accruals was appropriate and consistently applied; and• carrying out cut-off testing, and testing for unrecorded liabilities, to confirm expenditure had been coded to the correct accounting year. <hr/> <p>Audit conclusion</p> <p>As set out on page 19, we have reviewed the Council's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.</p> <p>The work performed has obtained the assurances we sought and there are no matters to bring to the attention of Members.</p>
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4. Significant findings

Significant risks

5. Revenue recognition (cut off)	<p>Description of the risk</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition.</p> <p>Having considered the factors for revenue recognition, we believe the risk is focused on the year-end balance sheet and in particular whether cut-off (recognition in the correct financial year) is materially accurate. Having considered the make-up of revenue, we believe the risk is prevalent in fees, charges and other service income (being £192m in Note 10 of the 2020/21 financial statements).</p> <hr/> <p>How we addressed this risk</p> <p>We addressed this risk by performing work in the following areas:</p> <ul style="list-style-type: none">• ensuring the accounting policies in relation to revenue recognition and recognition of accruals were appropriate and consistently applied; and• carrying out cut-off testing to confirm revenue had been charged to the correct accounting year. <hr/> <p>Audit conclusion</p> <p>As set out on page 19, we have reviewed the Council's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.</p> <p>Our work has provided the assurance sought and there are no matters to bring to Members' attention.</p>
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4. Significant findings

Significant risks

6. Covid-19 Grants recognition	<p data-bbox="519 411 774 436">Description of the risk</p> <p data-bbox="519 454 2461 534">Over March and April 2020, the government provided £3.2 billion of emergency grant funding and over £5 billion of cashflow support to support local authorities through COVID-19. Throughout 2020/21, the Government has continued to provide substantial sums of financial support to local authorities, including Derbyshire County Council. Management have had to exercise a level of judgement in relation to these specific COVID-19 grants, including:</p> <ul data-bbox="519 554 2410 654" style="list-style-type: none">• the extent to which the Council is acting as an agent or principal and therefore whether to account for the grant income on a gross or net basis; and• whether conditions associated with the grants have been met at the reporting date. Overall therefore, we believe there is a significant audit risk relating to the completeness and accuracy of Covid-19 grant income in the 2020/21 financial statements. <hr/> <p data-bbox="519 674 830 699">How we addressed this risk</p> <p data-bbox="519 719 1207 745">We addressed this risk by performing work in the following areas:</p> <ul data-bbox="519 765 1844 879" style="list-style-type: none">• reviewing the Council’s approach to determine whether grants are or are not ringfenced for specified areas of expenditure;• testing grant income recorded in the ledger to grant allocations/ notifications; and• reviewing a sample of grants to ensure conditions to recognise the income in 2020/21 have been met or not. <hr/> <p data-bbox="519 899 713 925">Audit conclusion</p> <p data-bbox="519 945 1003 971">Our work has provided the assurance sought.</p>
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4. Significant findings

Other key areas of management judgement and enhanced risks

7. SinFin Waste Recycling	<p>Description of the issue</p> <p>The long-term waste management contract between Derbyshire County Council, Derby City Council and Resource Recovery Solutions came to an end in 2019. Work is underway to determine the condition and capability of the currently non-operational treatment facility. The Council's management will need to make a judgement on how to account for the asset in 2020/21.</p> <hr/> <p>How we addressed this issue</p> <p>We evaluated the basis of the accounting judgement and the impact on the financial statements for 2020/21 including the adequacy of disclosures.</p> <hr/> <p>Audit conclusion</p> <p>Our work has provided the assurance sought and we are satisfied that costs continue to be recorded as an Asset Under Construction, with a supporting disclosure in Note 2.</p>
8. Minimum revenue provision (MRP)	<p>Description of the issue</p> <p>Local authorities are normally required each year to set aside some of their revenues as a provision for debt in respect of capital expenditure financed by borrowing or long term credit arrangements, by reference to the prior year's closing Capital Financing Requirement. The amount to be set aside each year is not prescribed although an overarching principle of prudence is expected to be adopted. This is supported by statutory guidance as to how this could be achieved and the Council is required to have regard to this in setting its MRP policy. Management judgement is therefore exercised in determining the level of its prudent provision.</p> <hr/> <p>How we addressed this issue</p> <p>We addressed this judgement by:</p> <ul style="list-style-type: none">• reviewing the Council's MRP policy to ensure that it had been developed with regard to the statutory guidance;• assessing whether the provision had been calculated and recorded in accordance with the Council's policy;• assessing whether the amount provided for the period was appropriate, taking into account the Council's Capital Financing Requirement; and• confirming that any charge had been accounted for in accordance with the Code. <hr/> <p>Audit conclusion</p> <p>Our work has provided the assurance sought, with the Council's charge of £13.8m shown in Note 17.</p>



4. Significant findings

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

We agreed to reschedule our audit to give the Council more time to compile the financial statements and a good quality set of accounts was received from the Council on 30 July 2021.

Our expert valuer undertook a detailed review of the valuation of the Markham Vale Enterprise Centre, which identified that the valuation approach and assumptions applied for Plot 2 were not entirely appropriate and part of the valuation should have been as a finance lease not an operating lease. The asset was specifically chosen for review because it was considered to be 'unusual'. Based on the valuation undertaken by the internal valuer at £70,053 in 2021, we consider the initial lease premium received for the 99 year lease interest in 2011 at £42,750 is likely to have constituted all or the majority of the value of the land at the time of the transaction. In our view, this is therefore likely to result in the classification of the lease as a finance lease rather than an operating lease. We do however accept that such valuation judgements are not straightforward and the difference in the overall value is below triviality. We also acknowledge that the circumstances involved are unique to this particular specialised asset. The Council has improved its valuation processes in recent years and we see this issue as indicative of the need for ongoing work to ensure the valuation approach is appropriate for novel assets and not indicative of wider failings in the detailed valuation process that could lead to an error in valuations.

Going Concern

The Council's financial statements are prepared on the assumptions that it is a going concern and will continue its operations for the foreseeable future. International Auditing Standard ISA (UK) 570, requires auditors to 'obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern'.

Following the issue of Supplementary Guidance Note 1 (SGN1) by the National Audit Office, we have adopted

a sector-specific approach to our work on going concern, which follows the principles of Practice Note 10 (PN10) and the guidance provided in SGN1. The SGN1 and PN10 make it clear that the auditor's focus for non-trading public sector bodies should be on the extent to which there are any indications that the services provided by an entity will cease or transfer outside of the public sector (termed the Continued Provision of Service approach ('CPoS')).

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.



4. Significant findings

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 2020/21 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. No questions or objections have been raised.

Audit fees

As set out in our Audit Strategy Memorandum, we identified the need for a variation to the published scale fee to take account of several matters. Our current estimate is set out below:

- Additional testing as a result of changes arising from increased audit quality expectations involving the work on the valuation of land and buildings and on the local government pension scheme - **£12,000**
- Additional testing as a result of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; and ISA570 (Revised) Going Concern – **£4,000**
- Additional testing as a result of new significant audit risk relating to Covid-19 grants - **£2,000**
- Additional work as a result of the new Code of Audit Practice and VFM reporting – ongoing with our estimate being **£14,000 - £19,000**.

We will agree the final fee, and any further variations with management prior to reporting final fees to the Audit Committee.



05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was 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 in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal controls or 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 controls 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.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the categories in the table opposite.

Our work this year has identified 2 issues to bring to your attention.

Follow up of previous internal control points

We raised 6 internal control points in the prior year. An update on these matters is detailed on pages 25-27.

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal controls or enhance business efficiency. The recommendations should be actioned in the near future.	0
3 (low)	In our view, internal controls should be strengthened in these additional areas when practicable.	2



5. Internal control recommendations

Deficiencies in internal control – Level 3

Description of deficiency

Controls in place in regard to the preparation of the provisions note

All provisions had initially been classified as non-current, but on investigation elements of the provision for exit packages and insurance fund provision were expected to be settled within one year of the balance sheet date. This error has been corrected in the final version of the financial statements.

Potential effects

Risk of error in relation to the disclosure made.

Recommendation

Management should review and strengthen its controls relating to the preparation of the provisions note.

Management response

TBC



5. Internal control recommendations

Deficiencies in internal control – Level 3 (cont'd)

Description of deficiency

Controls in place in regard to deferred income

During our testing of accounts payable, some long-standing non-material deferred income balances with NHS entities did not appear to have been recently reviewed to ensure that the income was either recognised appropriately at the year end or classified as a creditor.

As a result there is circa £1.1m of deferred income that is now under review by the Council as it could be classified incorrectly. Based on the work performed, we have highlighted an extrapolated £1.751m unadjusted misstatement on page 29 of this report.

Potential effects

Risk of error in relation to the disclosure made.

Recommendation

Management should review and strengthen its controls relating to the review of deferred income from NHS entities.

Management response

TBC



5. Internal control recommendations

Follow-up on previous internal control points - Level 3

Description of deficiency: Controls in place in regard to the completeness of related party declarations

During our 2019/20 testing of related parties it was found that a councillor had not declared their membership of another public sector body.

Potential effects

Whilst there were no inherent conflicts of interest involved and it is acknowledged that this may simply have been an oversight, good practice encourages full disclosures to ensure transparency.

Recommendation

The Council should ensure that full disclosures are made and should emphasise the importance of full disclosures.

2020/21 update

The 2020/21 related party information was prepared correctly and similar issues were not encountered.

Description of deficiency: Private Finance Initiative (PFI) records

During the course of the audit it became apparent that no original documents had been kept for Phase 1 of the PFI and no original financial model was available for Phase 3 of the PFI.

Potential effects

Difficulty in substantiating the validity of PFI payments/costs

Recommendation

The Council should review the availability of supporting information in relation to the PFI

2020/21 update

For 2020/21 all the supporting information regarding the PFI was not available and similar issues were encountered. However, as the It should however be noted that due to Covid-19 access to the offices has been limited so finding the original PFI documentation will be addressed at a future date.



5. Internal control recommendations

Follow-up on previous internal control points - Level 3

Description of deficiency: Extension to a property

In our testing of property valuations, we identified that extensions to buildings were not included in the valuation assessment as at 31 March 2020. Whilst the amount involved was below triviality the Council should have processes in place to identify any extensions and account for them correctly.

Potential effects

Failure to value properties that are extended.

Recommendation

The Council should review its processes to identify any extensions and account for them correctly.

2020/21 update

For 2020/21 similar issues were not encountered.

Description of deficiency

Developer access rights

Users who have the ability to transport SAP changes to live are also involved in development of changes.

Potential effects

Developers could promote changes to the live environment without oversight from senior management or approval from the Council. This could be exploited later in the live environment.

Recommendation

Management should consider implementing and documenting a periodic review covering all users and their access rights within key applications and underlying infrastructure. The review should also include inactive users or those who have not logged on for a period of time (say 90 days), and generic accounts (if any).

2020/21 update

There are a limited number of four users who can transport changes to the system, these are Basis staff not developers. We understand the rationale for this arrangement.



5. Internal control recommendations

Follow-up on previous internal control points - Level 3

Description of deficiency: Response to IT incidents

IT Incidents are not always followed up and resolved in a timely manner.

Potential effects

Unresolved incidents could cause interruptions in the availability of key systems for prolonged periods..

Recommendation

The Council should ensure that IT incidents are followed up in a timely manner

2020/21 update

For 2020/21 similar issues were not encountered.

Description of deficiency: User access reviews

User access reviews including reviews of user access rights were not performed for SAP.

Potential effects

User access rights may not be up to date for all users.

Recommendation

Management should consider implementing and documenting a periodic review covering all users and their access rights within key applications and underlying infrastructure. The review should also include inactive users or those who have not logged on for a period of time (say 90 days), and generic accounts (if any).

2020/21 update

For 2020/21 based on the 100% test of all leavers, we noted that 14 user accounts for leavers were still active in SAP. This is an improvement on the position for 2019/20 and we accept there will usually be a time lag in disabling the access rights of leavers.



06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £911,000. There are two unadjusted misstatements in the accounts above the trivial threshold.

The unadjusted misstatements in the primary statements are set out in the table below. Adjustments to the disclosure notes are described on the next page.

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Unadjusted misstatements					
1	Dr: Other Long Term Liabilities (Pensions)			10,034	
	Cr: Unusable Reserves (Pensions)				10,034
<p>Our work at the Derbyshire Pension Fund indicated a difference between the valuation information supplied by the actuary (and used in Derbyshire County Council's accounts) and the updated valuations in the revised accounts of Derbyshire Pension Fund of £24.6m representing a 0.43% increase in the fund value. The Council's share of this increase is approximately £10.0m. This adjustment reflects a change in value based on updated information between estimates made by the actuary and the final year end assets performance. We are required to report this adjustment as it is above the trivial threshold. However, as this difference is below materiality and not reflected in a formal updated actuarial valuation report the Council does not intend to update its accounts in this regard. In our view, this approach is reasonable, given that it does not have a material impact and would require significant additional work to amend the accounts.</p>					
2	Dr: Creditors/Income			1,751	
	Cr: Deferred Income				1,751
<p>During our testing of accounts payable, some long-standing non-material deferred income balances with NHS entities did not appear to have been recently reviewed to ensure that the income was either recognised appropriately at the year end or classified as a creditor. As a result there is circa £1.1m of deferred income that is now under investigation by the Council as it could be classified incorrectly between deferred income and creditors. From the work performed, we have highlighted an extrapolated £1.751m unadjusted misstatement in relation to this matter.</p>					
Total unadjusted misstatements				11,785	11,785

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6. Summary of misstatements

Disclosure amendments

During our review of the financial statements we identified a number of amendments that were required to disclosures, including, but not limited to:

- Note 2 - text added to clarify the Council has considered the accounting treatment for the waste recycling facility and that it has been determined that it will be recognised on the balance sheet as an Asset under Construction due to the asset not yet being brought into service;
- Note 14 - the council had disclosed valuation dates for heritage assets, intangible assets and assets held for sale which was not required in the rolling valuation table;
- Note 15/17 – clarification on the transfer of heritage assets from assets under construction
- Note 26 - updated to include a maturity profile of provisions;
- Note 27 - updated to show non-current liabilities for pensions separately from other non current liabilities:
- Note 51 - contingent liability text added to clarify the position regarding the waste recycling facility.

A number of other minor amendments were made to the accounts as a result of our audit work.

The Council has amended the financial statements to address these matters and the finalised version has been updated accordingly.



07

Section 07:

Value for Money

7. Value for Money

Approach to Value for Money

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

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

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Our assessment of what constitutes a significant weakness is a matter of professional judgement, based on our evaluation of the subject matter in question, including adequacy of the Trust's responses. The National Audit Office's guidance states that a weakness may though be said to be significant if it:

- Exposes (or could reasonably be expected to expose) the body to significant financial loss or risk;
- Leads to (or could reasonably be expected to lead to) significant impact on the quality or effectiveness of service or on the body's reputation;
- Leads to (or could reasonably be expected to lead to) unlawful actions; or
- Involves a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

To arrive at our assessment, we perform a variety of work to obtain an understanding of the Council's arrangements for each specified reporting criteria. This included performing a detailed risk assessment, drawing from a variety of sources, including, but not limited to:

- Meeting with management;
- Reviewing supporting guidance from the National Audit Office, including indicators of significant weaknesses;
- Considering our understanding of sector developments and any local issues;
- Reading and reviewing Committee reports;
- Reviewing the Annual Governance Statement;
- Considering the outcomes from the work of internal audit;
- Reading risk registers and risk management reporting; and
- Considering the work of regulators and inspectorates.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement. The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report.

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2021. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Council's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report.



Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

From:

Peter Handford
Director of Finance & ICT
Derbyshire County Council
County Hall
Matlock
Derbyshire
DE4 3AG

To:

Mr Mark Surrige
Director
Mazars LLP
45 Church Street
Birmingham
B3 2RT

Date: 7 December 2021

Derbyshire County Council - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Derbyshire County Council for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

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 myself that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the Code.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;



Appendix A: Draft management representation letter

- additional information that you have requested from me 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 Director of Finance & ICT 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 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 the 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.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

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 Code.

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.



Appendix A: Draft management representation letter

Fraud and error

I acknowledge my responsibility as Director of Finance & ICT 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 statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council 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 (including sales, purchases, loans, transfers, leasing arrangements and guarantees) have been appropriately accounted for and disclosed in accordance with the requirements of the Code. I have disclosed to you the 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 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

We have no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code 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 on-going 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.

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

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Appendix A: Draft management representation letter

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements and internal control recommendations

I confirm that the effects of the uncorrected misstatements and internal control recommendations set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

[PLEASE ATTACH AN APPENDIX SETTING OUT THE UNADJUSTED MISSTATEMENTS]

Yours sincerely

Director of Finance & ICT

Date.....



Appendix B: Draft audit report

Independent auditor's report to the members of Derbyshire County Council [subject to finalisation]

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Derbyshire County Council ("the Council") for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Statement of Cash Flows, Movement in Reserves Statement 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 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2021 and of its 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 2020/21.

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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance & ICT's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a

going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance & ICT with respect to going concern are described in the relevant sections of this report.

Other information

The Director of Finance & ICT is responsible for the other information. The other information comprises the other 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.

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Appendix B: Draft audit report (continued)

Responsibilities of the Director of Finance & ICT for the financial statements

As explained more fully in the Statement of the Director of Finance & ICT's Responsibilities, the Director of Finance & ICT 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 2020/21, and for being satisfied that they give a true and fair view. The Director of Finance & ICT is also responsible for such internal control as the Director of Finance & ICT determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance & ICT is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance & ICT 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, the Local Government and Housing Act 1989 and the Local Audit and Accountability Act 2014 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Finance & ICT's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to :

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to :

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance & ICT's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

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.

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Appendix B: Draft audit report (continued)

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

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.

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. 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.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

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.

Use of the audit report

This report is made solely to the members of Derbyshire County 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.

Delay in certification of completion of audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

[Signature]

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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. In this regard we wish to clarify that our appointment to carry out assurance services in relation to the Teachers Pensions Return outlined in our Audit Strategy Memorandum has been confirmed.



Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	<p>We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Director of Finance & ICT that Derbyshire County Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements. We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management and the Council, confirming that</p> <ol style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.



Mark Surridge

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.