



Audit Progress Report Derbyshire County Council – Year end 31 March 2024

December 2024

Contents

- 01 Overview of engagement
- 02 Government measures to clear the backlog in local government accounts audit
- 03 National Publications

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01

Overview of engagement



Overview of engagement

We are appointed to perform the external audit of Derbyshire Council (the Council) for the year ending 31 March 2024. 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), and we summarise the position to date as follows:

Area	Responsibilities	Status: Derbyshire County Council
<p>Audit opinion</p>	<p>We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit Committee, as Those Charged With Governance, of their responsibilities.</p>	<p>We reported our planned timeline to the Committee in July 2024 in our Audit Strategy Memorandum, which showed the planned fieldwork dates as September – October, with completion expected by the end of October. We provided an update in September that the Council were experiencing delays with production of the financial statements, and we had subsequently reprofiled our resource, and were expecting to commence in October. The Council published their draft accounts on 4th October 2024, and we began the audit fieldwork at this point. The audit is progressing well, and we are on track as per the revised timeline reported in September.</p> <p>On 30 July 2024, the Minister of State for Local Government and English Devolution made a statement to propose secondary legislation, with the proposed backstop date for the financial year 2023/24 being 28 February 2025. More detail is provided on page 6. We are working to this timeline and expect to complete the audit before the backstop date.</p>
<p>Value for money</p>	<p>We are responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.</p>	<p>We have started our planning and risk assessment work, and we have received management’s self-assessment. We will continue to update our risk assessment as the audit progresses. As reported in the ASM in July, we have identified one risk of significant weakness in relation to the Council’s financial sustainability. We will therefore undertake additional procedures to determine whether there is a significant weakness and report this to the Audit Committee alongside our commentary on the Council’s arrangements, in our Auditor’s Annual Report.</p>
<p>Wider reporting and electors’ rights</p>	<p>We report to the National Audit Office (NAO) on the consistency of the Council’s financial statements with its Whole of Government Accounts (WGA) submission.</p> <p>The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections 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.</p>	<p>We are unable to report to the NAO until our work on the financial statements is complete.</p> <p>We have received correspondence from a local elector which includes both questions to the audit team and two potential objections. At this stage we are reviewing the objections for eligibility. If we conclude that the objections meet the eligibility requirements, we will accept and consider the objections. We will need to perform work to evaluate whether the objections have an impact on the financial statements, our value for money conclusion, or require the use of our further powers.</p> <p>We will keep the committee updated as our work progresses and discuss any impact on our audit fee with management.</p>

02

Government measures to clear the backlog in local government accounts audit



Government measures to clear the backlog in local government accounts audit

Backstop update

In August 2024, following consultation in April, the government published its measures to address the significant backlog in local government annual accounts audits. These measures include both legislative changes to the Accounts and Audit Regulations 2015 and the introduction of several statutory deadlines ('backstop dates') aimed at helping to clear the backlog of local government annual accounts audits. Local government entities are required to publish their audited annual accounts by each backstop date, which are:

- Financial years up-to-and-including 2022/23: 13 December 2024 (changed from proposed 30 September 2024)
- Financial year 2023/24: 28 February 2025 (previously 31 May 2025)
- Financial year 2024/25: 27 February 2026 (previously 31 March 2026)
- Financial year 2025/26: 31 January 2027
- Financial year 2026/27: 30 November 2027
- Financial year 2027/28: 30 November 2028

Where the backstop dates now create time constraints that prevent the auditor from completing all necessary audit procedures to obtain sufficient appropriate audit evidence to support the audit opinion a modified opinion may be necessary – usually referred to as a disclaimed opinion or a qualified opinion.

Auditors will still be required to discharged their value for money (VFM) responsibilities, which requires VFM work to be completed by the date of the audit opinion.

Communication and engagement with stakeholders is currently taking place to make clear the necessity of the steps being taken, emphasise the context for disclaimed opinions, and determine the work that will be required to disclaim an opinion. On 9 September 2024 the Comptroller and Auditor General (C&AG) of the National Audit Office (NAO) laid a new a new Code of Audit Practice in Parliament. On 10 September, the NAO on behalf of the C&AG also published Local Audit Reset and Recovery Implementation Guidance notes (LARRIGs) 1-5 to support auditors in meeting the requirements of the Local Audit and Accountability Act 2014 (the Act). The LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

What does this mean for Derbyshire County?

We are aiming to complete the audit of the Council's accounts for the year ending 31 March 2024 before the backstop date of 28 February 2025. Should this change, we will alert members in due course.

03

National publications



2. National Publications

This section highlights recent national publications that may be of interest to Members of the Committee. If you require any additional information, please contact any member of your engagement team.

We have, in the tables on the next two pages, provided a brief insight into the purpose/key points of the publications with indicative relevance and/or suggested action using the following RAG ratings:

- Action required
- Action suggested
- For information only.

2. National Publications (continued)

	Publication / update	Key Points	RAG rating
National Audit Office (NAO)			
1	Achieving environmental improvement and responding to climate change. October 2024.	<p>In 2020, the NAO carried out two broad reviews of how the government is organised to achieve net zero and its wider environmental goals, including its goal to adapt to a changing climate. Since then, they have examined many of the interventions that it has established to help meet these goals. This has covered individual projects and programmes, for example, on energy efficiency grants and tree-planting, as well as broader portfolios of government's work such as those to decarbonise home heating or improve air quality.</p> <p>This report draws out learning from past NAO reports to identify enablers that they see as important for tackling the challenges government faces in its environment and climate change work.</p>	●
2	Support for children and young people with special educational needs. October 2024.	<p>This report assesses how well the current system is delivering for children and young people (from birth to 25 years) in England identified as having SEN. It also looks at DfE's progress in addressing the underlying challenges to providing a sustainable system that achieves positive outcomes for children.</p> <p>This report:</p> <ul style="list-style-type: none"> • describes the support available, outcomes achieved for those with SEN, DfE funding, and DfE's strategic approach • examines DfE's actions to restore confidence and create a sustainable system <p>Whilst recognising the criticality of other bodies, such as health organisations, within the SEN system the report does not assess how well these other bodies operate. It also does not assess support provided in higher education settings given the different funding and legislative frameworks.</p>	●
3	Dangerous cladding: the government's remediation portfolio. November 2024.	<p>This report assesses whether MHCLG's remediation portfolio in England is completing timely remediation of unsafe cladding at a reasonable cost to the taxpayer. It examines:</p> <ul style="list-style-type: none"> • how well MHCLG has designed its portfolio to maximise the identification and remediation of unsafe buildings • whether remediation is progressing as expected • how well MHCLG is managing taxpayers' exposure to remediation costs across the lifetime of the portfolio 	●

2. National Publications (continued)

1. **Achieving environmental improvement and responding to climate change**

This report draws out learning from past NAO reports to identify enablers that they see as important for tackling the challenges government faces in its environment and climate change work.

<https://www.nao.org.uk/insights/achieving-environmental-improvement-and-responding-to-climate-change/>

2. **Support for children and young people with special educational needs**

This report assesses how well the current system is delivering for children and young people (from birth to 25 years) in England identified as having SEN. It also looks at DfE's progress in addressing the underlying challenges to providing a sustainable system that achieves positive outcomes for children

<https://www.nao.org.uk/reports/support-for-children-and-young-people-with-special-educational-needs/>

3. **Dangerous cladding: the government's remediation portfolio**

This report assesses whether MHCLG's remediation portfolio in England is completing timely remediation of unsafe cladding at a reasonable cost to the taxpayer.

<https://www.nao.org.uk/reports/dangerous-cladding-the-governments-remediation-portfolio/>

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