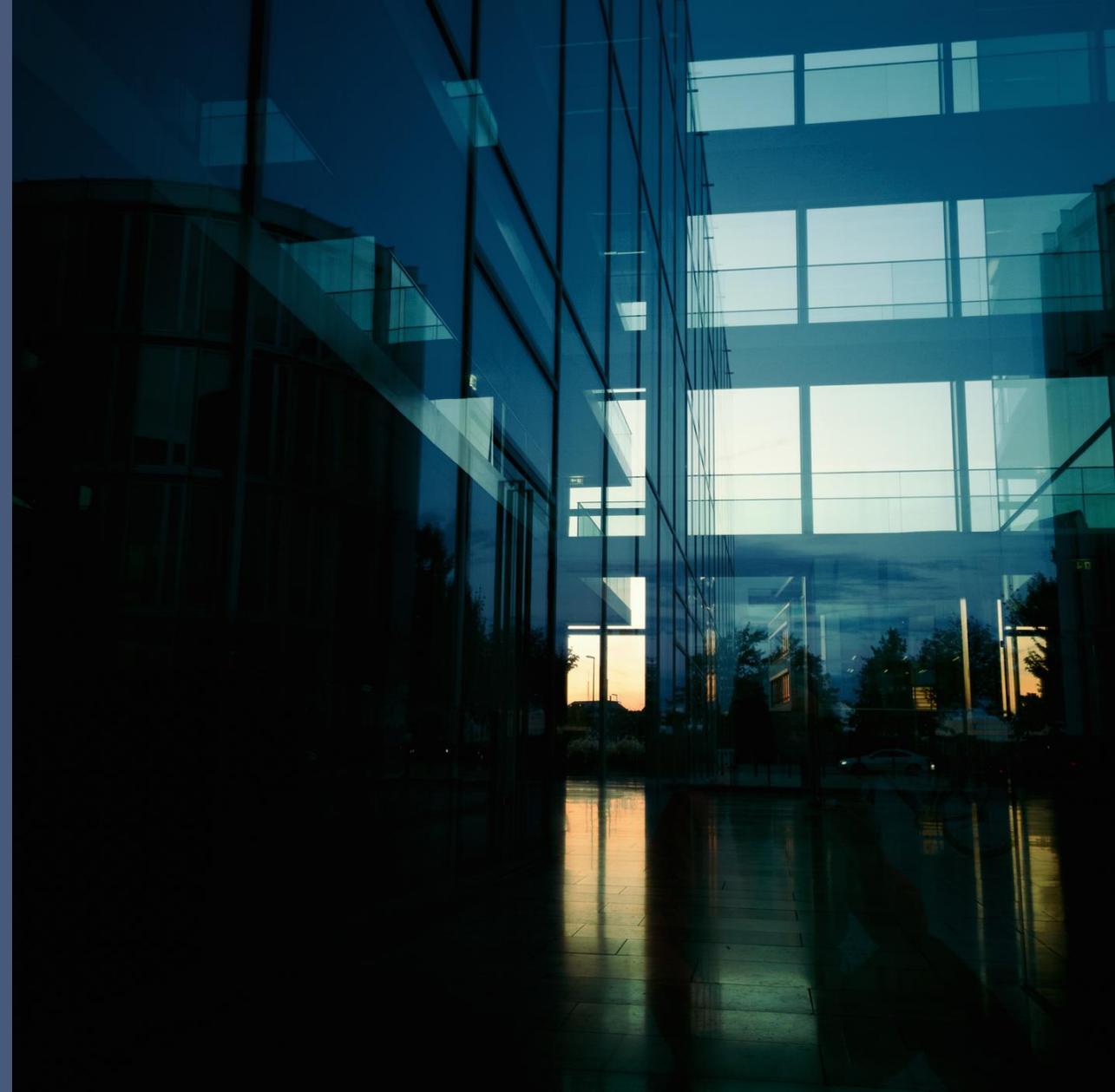


Audit Progress Report

Charnwood Borough Council – Year
ended 31 March 2021

September 2021



Status of the audit

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.

During the course of the audit we have had the full co-operation of management. The audit was again carried out remotely but there were no significant difficulties in carrying out our normal audit procedures and obtaining the audit evidence required to complete the audit. We continue to work with management to complete any remaining audit work and resolve audit queries and are grateful for the co-operation and support provided.

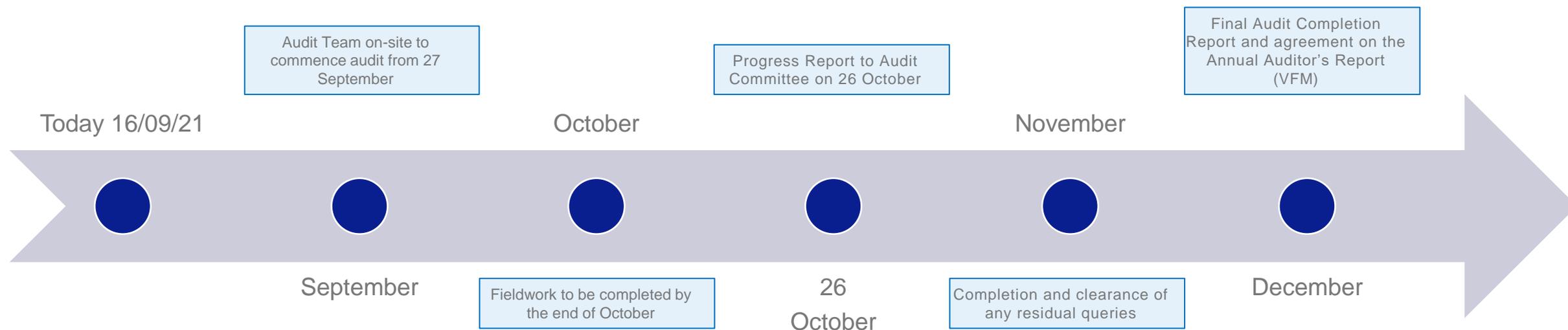
Significant audit risks

As part of our planning procedures, we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks.

No new risks have been identified since we issued our Audit Strategy Memorandum, with a reminder of those significant risks set out in the table below.

	Significant audit risks: description	Fraud	Error	Judgement
1	<p>Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>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 there is a risk of material misstatement due to fraud on all audits.</p>	●	-	-
2	<p>Net defined benefit liability valuation</p> <p>The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits.</p> <p>Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>	-	●	●
3	<p>Valuation of land & buildings, council dwellings, investment properties (where material) and assets held for sale (where material)</p> <p>The Council's accounts contain material balances and disclosures relating to its holding of council dwellings and land & Buildings, with the majority required to be carried at valuation. The valuation of these assets is complex and is subject to a number of management assumptions and judgements.</p> <p>Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p>	-	●	●
4	<p>Covid-19 grant recognition</p> <p>Throughout 2020/21, the Government has provided substantial sums of financial support to local authorities. These grants are material and we have identified the completeness and accuracy of this income as an audit risk.</p>	-	●	-

Status of the audit



Timeline

Our audit is in line with our expected timeline as set out in the diagram above.

2020/21 New approach to assessing arrangements for Value for Money

In our Audit Strategy Memorandum, we explained the new approach to our assessment of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We continue to review the Council's board papers and meet with management and review reports by regulators to inform our 2020/21 value for money risk assessment, this process is ongoing throughout the audit year. In addition,

Our evaluation is ongoing and to date, no significant weaknesses have been identified that need to be brought to the attention of Members.

Delay in the audit certificate

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts. We expect to issue the audit report but delay the issue of the Audit Certificate until the following procedures are complete:

- Value for Money - We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2021 and expect to report our findings in the 2020/21 Annual Auditors Report within 3 months of giving our audit opinion (Appendix A).
- Whole of Government Accounts - The National Audit Office has not yet issued its Group Instructions for local authority audits.

We will update the Audit Committee when more information is known.

Appendix A

Audit Committee
Charnwood Borough Council
Southfield Road
Loughborough
LE11 2TX

Dear Committee Members

Audit letter – Delay in issuing the Auditor’s Annual Report

The 2020 Code of Audit Practice requires us to issue our Auditor’s Annual Report, which includes our commentary on the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources (our VFM commentary) within 3 months of issuing our opinion on the financial statements, and before 30th September. Where this is not possible, we are required to write to you setting out the reasons for the delay in an ‘audit letter’. For the purposes of compliance with the Code of Audit Practice, this letter constitutes the ‘audit letter’.

As a result of the ongoing pandemic, the National Audit Office updated its guidance to auditors in April 2021 to allow auditors to delay the completion of their work on VFM arrangements. The revised guidance requires auditors to complete their work and issue their Auditor’s Annual Report no more than three months after the date of the date of the opinion on the financial statements.

In line with the National Audit Office guidance, we have not yet issued our Auditor’s Annual Report including our VFM commentary. We expect to publish the Auditor’s Annual Report in December 2021.

Yours sincerely



Mark Surridge

For and on behalf of Mazars LLP

Mark Surridge, Key Audit Partner

mark.surridge@mazars.co.uk

Mazars

2 Chamberlain Square
Birmingham
B3 3AX

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.

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.