

Audit Committee Members
Gedling Borough Council
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Nottingham NG5 6LU

Direct line

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13 December 2024

Dear Members

Audit Completion Report – follow-up letter

Following on from our recent meeting and as required by International Standards on Auditing (UK and Ireland), I am writing to confirm the conclusion of the 2021/22 and 2022/23 audit and confirmation of matters communicated verbally to the Committee on 10 December.

At Appendix 1 and 2, we have provided final draft form of our audit reports.

If you wish to discuss these or any other points, then please do not hesitate to contact me.

Yours sincerely

Mark Surridge
Mazars LLP

Appendix 1 2021/22 Form of Auditor Report: Independent auditor's report to the members of Gedling Borough Council

Report on the audit of the financial statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Gedling Borough Council ("the Council") for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and Collection Fund statements 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 2021/22, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2022, by 13 December 2024 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

In addition, we report the following matter:

- International Standard on Auditing (UK) 240 requires us to make enquiries of management to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. Where actual, suspected or alleged fraud is reported, we are required to design and perform further audit procedures to address the risk that the financial statements include material misstatements due to fraud. Management has disclosed that the Council has been subject to a fraud that exposed IT control weaknesses over the financial ledger relevant to the year ended 31 March 2022. We have not yet completed the audit procedures we deem necessary to address the risk that the financial statements for the year ended 31 March 2022 include material misstatements due to fraud. The extent and nature of the incomplete audit procedures would have required a modification to our opinion on the financial statements in the absence of the backstop arrangements that have led to a disclaimer of opinion as described above.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer 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 2021/22 as amended by the Code Update,

and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update 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 Chief Financial Officer 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 responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

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.

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.

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 2022.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Council's arrangements for the year ended 31 March 2022

Significant weakness in arrangements	Recommendations
A former officer of the Council, who was dismissed in 2022, was found guilty of fraud. In response to the fraud, the Council directed Internal Audit to examine the IT environment and identify financial controls within the Council's control environment and this review, finalised in January 2024, highlighted significant deficiencies in the Council's internal controls. The existence of these deficiencies is evidence of a significant weakness in the Council's governance arrangements.	The Council should continue to implement all remaining recommendations raised by Internal Audit to address all aspects of the control environment that were found to be deficient and put in place arrangements to test the effectiveness of the controls on a periodic basis, including any adjustments for changes in systems or processes that may have occurred. The Council should also ensure lessons learned are applied as part of its 2024-2027 Digital, Data and Technology Strategy.

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 November 2024.

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.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

Use of the audit report

This report is made solely to the members of Gedling Borough 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.

Certificate

We certify that we have completed the audit of Gedling Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Mark Surridge, Key Audit Partner
For and on behalf of Forvis Mazars LLP

2 Chamberlain Square, Birmingham, B3 3AX

13 December 2024

Appendix 2 – form of Auditor’s Report 2022-23: Independent auditor’s report to the members of Gedling Borough Council

Report on the audit of the financial statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Gedling Borough Council (“the Council”) for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and Collection Fund statements 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 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (“the Code Update”), published in November 2022.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 (‘The Amendment Regulations’) came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor’s opinion for the year ended 31 March 2023, by 13 December 2024 (‘the backstop date’).

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

In addition, we report the following matter:

- International Standard on Auditing (UK) 240 requires us to make enquiries of management to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. Where actual, suspected or alleged fraud is reported, we are required to design and perform further audit procedures to address the risk that the financial statements include material misstatements due to fraud. Management has disclosed that the Council has been subject to a fraud that exposed IT control weaknesses over the financial ledger relevant to the year ended 31 March 2023. We have not yet completed the audit procedures we deem necessary to address the risk that the financial statements for the year ended 31 March 2023 include material misstatements due to fraud. The extent and nature of the incomplete audit procedures would have required a modification to our opinion on the financial statements in the absence of the backstop arrangements that have led to a disclaimer of opinion as described above.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Chief Financial Officer’s Responsibilities, the Chief Financial Officer 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 2022/23 as amended by the Code Update,

and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update 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 Chief Financial Officer 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 responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

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.

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.

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 2023.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Council's arrangements for the year ended 31 March 2023:

In December 2024 we identified a significant weakness in relation to governance for the 2021/22 year. In our view this significant weakness remains for the year ended 31 March 2023:

Significant weakness in arrangements	Recommendations
A former officer of the Council, who was dismissed in 2022, was found guilty of fraud. In response to the fraud, the Council directed Internal Audit to examine the IT environment and identify financial controls within the Council's control environment and this review, finalized in January 2024, highlighted significant deficiencies in the Council's internal	The Council should continue to implement all remaining recommendations raised by Internal Audit to address all aspects of the control environment that were found to be deficient and put in place arrangements to test the effectiveness of the controls on a periodic basis, including any adjustments for changes in systems or processes that may have occurred. The Council should also

controls. The existence of these deficiencies is evidence of a significant weakness in the Council's governance arrangements.	ensure lessons learned are applied as part of its 2024-2027 Digital, Data and Technology Strategy.
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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 November 2024.

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.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

Use of the audit report

This report is made solely to the members of Gedling Borough 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.

Certificate

We certify that we have completed the audit of Gedling Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Mark Surridge, Key Audit Partner
For and on behalf of Forvis Mazars LLP

2 Chamberlain Square, Birmingham, B3 3AX

13 December 2024