



Audit Progress Report
Newark & Sherwood District Council – Year end 31 March 2024

November 2024

Contents

- 01 Overview of engagement
- 02 Newark & Sherwood District Council: Status of the audit
- 03 Newark & Sherwood: Summary of misstatements

This document is to be regarded as confidential to Newark & Sherwood District Council. It has been prepared for the sole use of the Audit & Governance Committee as the appropriate committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.



01

Overview of engagement



Overview of engagement

We are appointed to perform the external audit of Newark & Sherwood District 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: Newark & Sherwood District Council
Audit opinion	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 & Governance Committee, as Those Charged With Governance, of their responsibilities.	<p>Whilst we have performed the majority of our audit works, there are still areas yet to complete.</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 financial years up-to-and-including 2022/23 as 13 December 2024 and the financial year 2023/24 being 28 February 2025. We are working to complete our audit before the 28 February 2025 deadline and expect to bring our opinion to February 2025 committee meeting.</p>
Value for money	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.	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. No significant weaknesses have been noted at this stage. We intend to present our findings in our Annual Audit Report, which we expect to bring to the February 2025 committee meeting.
Wider reporting and electors' rights	<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 not received any matters of correspondence from electors.</p>

02

Newark & Sherwood District Council: Status of the audit



Status of the audit

Newark & Sherwood District Council

Our audit work is in progress currently and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

Related parties.

We are awaiting signed declarations of interests from the members and officers for 2023/24 and other minor queries.



Payroll testing

We are currently awaiting existence confirmations for two employees.



Assets Held for Sale

For this area we are waiting for confirmation that the asset has satisfied the conditions in order to be classified as being 'held for sale'.



Valuation of Land & Buildings and Council Dwellings

The work on this area is complete, it is just awaiting final reviews from the audit manager and partner.



Investments, Cash & Cash Equivalents and Borrowings

We are currently waiting to receive confirmations from Lloyd bank call account, CCLA property Fund, Barclays Bank and Northern Trust



Unrecorded Liabilities

We are currently writing up the sample evidence the Council have provided.



Pensions

We are still awaiting IAS19 assurance responses from Nottinghamshire Pension fund.



Audit Quality Control and Completion procedures

Our audit work, including the specific procedures carried out in relation to the significant audit risks identified, is yet to undergo the stages of review including by the Manager and Key Audit Partner. In addition, there are residual procedures to complete, including completing our internal technical consultations on the proposed audit opinion and the updated financial statements, updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.



Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

03

Newark & Sherwood District Council: Summary of misstatements



Summary of misstatements

Newark & Sherwood District Council

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £87k. :

Description	Dr	Cr	Adjusted?
Income that should have been recognised in 2023/24 was not accrued for and recognised in 2024/25. Amount to be confirmed and reported in our Audit Completion Report.	Reserves £TBC	Income £TBC	No
Expenditure that should have been recognised in 2023/24 was not accrued for and recognised in 2024/25. Note amounts based on extrapolation of testing errors.	Reserves £1,045,000	Expenditure £1,045,000	No
Incorrect grossing up of interest paid and interest received in respect of HRA recharge	Financing Income £905,000 Interest receivable £905,000	Financing Expenditure £905,000 Interest payable £905,000	Yes
Incorrect classification of asset (32 Stodman Street) as Other Land & Buildings instead of Assets Under Construction.	Assets Under Construction £3,613,000	Other Land & Buildings £3,613,000	Yes
Identification of potential valuation movement on non-revalued assets	Property, Plant & Equipment £899,000	Surplus(-)/deficit on revaluation of non- current assets £899,000	Yes
Incorrect application of Beacon valuations	Surplus(-)/deficit on revaluation of non- current assets £112,000	Council Dwellings £112,000	Yes
Identification of errors in the Council's valuation of DRC and EUV assets. These adjustments have been affected to both current year and prior periods, necessitating the need for a prior period adjustment.	Usable Reserves £2,970,000 General Fund £1,220,000	Property, Plant & Equipment £2,970,000 Income & Expenditure £1,220,000	Yes

Summary of misstatements

Newark & Sherwood District Council

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been agreed to adjust by management:

- Note 1 Accounting policies / Note 26 Heritage assets - Incorrectly refers to heritage asset valuations being increased annually for inflation
- Note 21 Audit Fee - Audit fees didn't match the most recent ASM, we requested this to be changed, and the client agreed to amend the figures to match. Additional note for 'Subsequent events' added in the updated financial statements.
- Note 1 Accounting policies - A number of discrepancies have been noted with the Council's accounting policy disclosures e.g. the absence of a prior period adjustment policy and the inclusion of heritage assets being increased annually for inflation when this is not the case.
- 'Note 22 - Capital Commitments - The Council have failed to complete this note in accordance with the Code requirements with a single actual contractual commitment being noted in respect of Yorke Drive for £277k.
- Incorrect disclosure of the Travelodge leasing entries.
- Incorrect disclosure of future minimum lease payments due in respect of lessor operating leases.
- Incorrect disclosure of financial instrument entries
- Incorrect disclosure of lessee finance lease underlying asset movements

We are continuing to discuss some further queries with the Council.

Contact

Forvis Mazars

Mark Surridge

Key Audit Partner

Tel: +44 (0)7875 974 291

Mark.Surridge@mazars.co.uk

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2024. All rights reserved.