Grant Thornton

The Audit Findings Report for Oadby & Wigston Borough Council

Year ended 31 March 2024

13 January 2025

Private and Confidential

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22 January 2025

Audit Findings for Oadby & Wigston Borough Council for the year ended 31 March 2024

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2023.pdf (grantthornton.co.uk).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Richard Anderson

Director
For Grant Thornton UK LLP

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Oadby & Wigston Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work has been completed both on site and remotely during July to September, as planned. Our findings are summarised on pages 4 to 25. We have identified 4 adjustments to the financial statements that have resulted in a £2m adjustment to the Council's Comprehensive Income and Expenditure Statement. We also identified a prior period adjustment corresponding to one of these misstatements, where some of the impact has been adjusted for in the opening balance for the current financial year. These have no impact on the level of the Council's usable reserves.

Audit adjustments are detailed at Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out at Appendix B. Our follow up of recommendations from the prior year's audit are detailed at Appendix C.

Our work is now complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix G) or material changes to the financial statements.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our financial statements audit report opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements	
Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the Council's arrangements under the following specified criteria: • Improving economy, efficiency and effectiveness; • Financial sustainability; and • Governance.	Our work on the Council's value for money (VFM) arrangements is reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR). This report is included on the agenda for the 22 January Audit Committee. In January 2024 we reported one significant weakness in relation to the Council's latest financial projections showing a cumulative budget gap to 2025/26 of £6.883m before planned savings. We raised a key recommendation that the Council take urgent action to implement savings plans identified to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26. Members have fully embraced the difficult decisions required and in February 2024 the Council agreed a breakeven budget, without the need to use reserves, which also included a further £0.326m of growth and cost pressures identified since December 2023. The MTFP 2024/25 to 2028/29 now shows a forecast cumulative surplus. Our Key Recommendation has been addressed and we are satisfied there was not a significant weakness in arrangements in this areas as at 31 March 2024, however we have reported the instance of an in-year significant weakness in our audit report.
Statutory duties	
The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	No additional powers have been used. We cannot formally conclude the audit and issue an audit certificate for Oadby & Wigston Borough Council for the year ended 31 March 2024. The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued. The NAO has requested that we do not issue a certificate, even where the audit is below the threshold, pending completion of its own work. We are satisfied that this work would not have a material effect on the financial statements for the year ended 31 March 2024.
Significant matters	We did not encounter any significant difficulties arising during our audit.

1. Headlines

National context – audit backlog

Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament Written statements - Written questions, answers and statements - UK Parliament This confirmed the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024.

The government has set out its intention that from 2023/24, auditors should work with local authorities to begin the process of recovery. A backstop date for 2023/24 has been proposed of 28 February 2025, and a date for 2024/25 audits of 27 February 2026.

This does not affect Oadby & Wigston Borough Council as the 2022/23 financial statements were signed on 16 April 2024 and the audit of the 2023/24 financial statements was completed ahead of the proposed backstop date of 28 February 2025.

New National Audit Office Code

As part of ongoing reforms to local audit, the National Audit Office has also laid a new Code before Parliament. One of the objectives in the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Auditor's Annual Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

National context – level of borrowing

All councils continue to operate in an increasingly challenging financial context. With inflationary pressures placing increasing demands on council budgets, there are concerns as councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. Oadby & Wigston Borough Council had borrowings of £36.6m as at 31 March 2024, comprising almost exclusively of Public Works Loans Board (PWLB) loans. From our planning work on value for money, we have not identified any indicators of issues with the level of borrowing at the Council, its ability to repay the borrowing, or the uses for the borrowing.

2. Financial statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have now completed our audit of your financial statements and we anticipate issuing an unqualified audit opinion, as detailed in Appendix G.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan in April 2024.

We set out in this table our determination of materiality for Oadby & Wigston Borough Council.

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	481k	As communicated in our audit plan, we determined materiality at the planning stage to be £481k based on prior year gross operating costs. We reconsidered planning materiality on receipt of the draft financial statements, but did not consider it necessary to update our materiality threshold based on current year gross operating costs.
Performance materiality	288k	Performance materiality has been set at 60% of financial statements materiality. This reflects our risk assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. It is the amount we set at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Trivial matters	24k	Taken as a proportion of the materiality threshold, we consider that any matters below this threshold would be clearly inconsequential, taken individually or in aggregate. We will report to you all misstatements identified in excess of £24k.
Materiality for the senior officers' remuneration disclosure	8.7k	Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set.

2. Financial statements – Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Fraudulent revenue recognition (rebutted) ISA (UK) 240	Under ISA (UK) 240 there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition. It was reported in our Audit Plan that we had rebutted the presumed significant risk of material misstatement arising from improper revenue recognition of the Council's income streams. Our work has not identified any issues that would change our assessment.
Fraudulent expenditure recognition PAF Practice Note 10	In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). As most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition. It was reported in our Audit Plan that we had determined there was no significant risk of material misstatement arising from improper expenditure recognition of the Council's expenditure streams. Our work has not identified any issues that would change our assessment.

2. Financial statements – Significant risks

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of controls, and in particular journals, management estimates, and transactions outside the normal course of business as a significant risk.	We have: • evaluated the design and implementation of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; • identified unusual journals made during the year and the accounts production stage; • tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence (specifically the material estimates of property valuations and the net pension liability); and • evaluated the rationale for any changes in accounting policies, estimate or significant unusual transactions. Our work did not identify any issues in respect of management override of controls or any changes to accounting policies or estimation processes used by management.

2. Financial statements – Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of council dwellings The Council contracts an expert to provide annual valuations of council dwellings based on guidance issued by the Ministry of Housing, Communities, and Local Government (MHCLG). They are valued using a beacon approach, based on existing use value discounted by the relevant social housing factor. Dwellings are divided into asset groups (a collection of properties with common characteristics) and further divided into archetype groups based on uniting characteristics material to their valuation, such as number of bedrooms. A sample property, the "beacon", is selected which is considered to be representative of the archetype group and a detailed inspection carried out. The valuation of this asset is then applied to all assets within its archetype. The key inputs into the valuation are the social housing factor, consideration of market movements, and the determination of the beacons. We therefore have identified that the accuracy of the key inputs driving the valuation of council dwellings as a significant risk.	We have: • evaluated management's processes and assumptions for the calculation of the estimates, the instructions issued to the valuation expert, and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the Code are met; • assessed the instructions issued by the Council to the valuer, the scope of the Council's valuer's work, the Council's valuer's reports and the assumptions that underpin the valuations; • challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; and • tested revaluations made during the year to see if they had been input correctly into the Council's asset register. Our work did not identify any issues.

2. Financial statements – Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of land and buildings The Council revalues its land and buildings on a rolling basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£23.4m in the Council's Balance Sheet at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions. Management will need to ensure that the carrying value in the Council's financial statements is not materially different from the current value at the financial statements date. We therefore identified valuation of land and buildings as a significant risk of material misstatement.	We have: • evaluated management's processes and assumptions for the calculation of the estimates, the instructions issued to the valuation expert, and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the Code are met; • challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; • assessed the instructions issued by the Council to the valuer, the scope of the Council's valuer's work, the Council's valuer's reports and the assumptions that underpin the valuations; and • tested revaluations made during the year to see if they had been input correctly into the Council's asset register. During the course of our work we identified an aggregated difference of £1.3m between the fixed asset register and the valuation report relating to two assets, resulting in an understatement of asset values in the draft financial statements – see Appendix D. The final financial statements have been updated to correct for this issue. We have not identified any other issues.

2. Financial statements – Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of the net pension fund liability The Council's pension fund net liability, as reflected in its balance sheet within 'other long term liabilities', represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£8.6m in the Council's Balance Sheet) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of Practice for Local Government Accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Council's pension fund net liability as a significant risk.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the net pension liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (the actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuary; • assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liabilities; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • reviewed management's assessment under IFRIC 14 to determine whether any additional onerous liability was appropriately recognised; and • obtained assurances from the auditor of the Leicestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund; and the fund assets valuation in the pension fund's financial statements. We have reported our detailed review of the estimation process in the key judgements and estimates section on page 16. From our work we identified that following the requirements of IFRIC 14 there was an unrecognised additional onerous liability of £5.4m as at 31 March 2024, a portion of which (£2.1m) should have been recognised at 31 March 2023. Management has processed a prior period adjustment to amend the closing prior period balance for the net pension liability and has reflected an in-year adjustment to ensure that the full additional onerous liability is recognised at 31 March 2024. See Appendix D. Separately, we noted that the pensionable pay data provided by the Council to the actuary only includes pensionable pay for active employees but should also include pensionable pay for leavers during the year. Whist we are satisfied that this would not have a material impact on the overall pension liability, we have raised a control recommendation – see Appendix B. The assurances from the pension fund auditor identified a misstatement in gross pension asset values. This has led to an unadjusted misstatement in the Council's accounts – see Appendix D. We did not identify any other issues.

2. Financial statements – Key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Land and building valuations £23.4m	Other land and buildings comprises specialised assets such as leisure centres and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council engaged an external valuer to complete the valuation of properties as at 31 March 2024. All land and building assets were revalued during 2023/24. The total year end valuation of land and buildings was £23.4m, a net decrease of £1.2m from 2022/23 (£24.6m).	We have: • deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of the estimate; • not identified any issues with the completeness and accuracy of the underlying information used to determine the estimate; • not identified any concerns over the competence, capabilities and objectivity of the valuation expert used by the Council; • considered the movements in the valuations of individual assets and confirmed their consistency with national indices; and • not identified any indicators of management bias in determining the estimate or evidence that might contradict management's assessment. As noted on page 12, we identified an aggregated difference of £1.3m between the fixed asset register and the valuation report relating to two assets, resulting in an understatement of asset values in the financial statements – see Appendix D. This has been corrected in the final version of the financial statements. We have not identified any other issues.	Green - We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial statements – Key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Council dwellings valuations £78.4m	The Council owns 1,182 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged Innes England to complete the valuation of these properties. The year end valuation of council dwellings was £78.4m, a net increase of £0.1m from 2022/23 (£78.3m).	We have: • deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of the estimate; • not identified any issues with the completeness and accuracy of the underlying information used to determine the estimate; • no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council; • considered the movements in the valuations of individual assets and their consistency with national indices; • not identified any material errors within the disclosures in the financial statements; and • considered management bias in determining the estimate and evaluated evidence that might contradict management's assessment. We have not identified any issues from our work.	Green - We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial statements – Key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Net pension liability £3.1m	The Council's net pension liability at 31 March 2024 is £8.6m (PY £8.5m) comprising the Leicestershire Pension Fund funded and unfunded defined benefit pension scheme obligations. The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation of the Leicestershire Pension Fund was completed for 31 March 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.	We have: • assessed management's expert; • used PwC as auditor's expert to assess the actuary and the assumptions made by the actuary – see table below for the comparison made; • confirmed that the Council's share of LGPS pension assets is in line with expectations; • confirmed that the increase in the estimate is reasonable; • assessed the approach taken by the actuary; • reviewed management's assessment under IFRIC 14 to determine whether any additional onerous liability was appropriately recognised; • performed procedures around the completeness and accuracy of the underlying information used to determine the estimate; and • reviewed the adequacy of the disclosure of the estimate in the financial statements.	Green - We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assumption	Actuary value	PwC range	Assessment
Discount rate	4.80%	4.80% - 4.85%	● Appropriate
Pension increase rate	2.80%	2.80% - 2.85%	● Appropriate
Salary growth	3.30%	3.25% - 5.25%	● Appropriate
Life expectancy Males currently aged 45 / 65	45: 21.5 years 65: 21.2 years	N/A	● Appropriate
Life expectancy Females currently aged 45 / 65	45: 25.5 years 65: 24.1 years	N/A	● Appropriate

Note that PwC has not provided ranges for the mortality assumptions of Hymans Robertson as the actuary uses individual employer-level life expectancies. PwC has confirmed that the methodology used is reasonable.

As noted on page 13, we identified that following the requirements of IFRIC 14 there was an unrecognised additional onerous liability of £5.4m as at 31 March 2024, a portion of which (£2.1m) should have been recognised at 31 March 2023. See Appendix D. We also noted an issue with the data supplied to the actuary– see Appendix B – and the value of gross pension assets at the pension fund, of which the Council has a share of the error – see Appendix D. No other issues were identified.

2. Financial statements – Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

			ITGC control area rating				
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
Integra	ITGC assessment (design effectiveness only)	● (PY ●)	● (PY ●)	● (PY ●)	● (PY ●)	Management override of controls	We identified that there is no review of activities, performed by individuals with superuser access (Admins) to Integra2. There is a risk that superusers could be making unauthorised changes to the system without management being aware. Enhanced procedures incorporated into our journals testing to address the deficiencies identified. More detail on the deficiencies identified is included within Appendix C.

Assessment

- ● Significant deficiencies identified in IT controls relevant to the audit of financial statements
- ● Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- ● IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ● Not in scope for testing

2. Financial statements – Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is set out at Appendix F.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banking and treasury partners. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements, though we did note that there was no disclosure for the accounting policy relating to allowance for impaired debt or expected credit loss allowances – this is included in Appendix D. A number of disclosure changes were made to the draft financial statements to improve overall compliance with the CIPFA code and accounting standards. Please refer to Appendix D for all disclosures changes made.
Audit evidence and explanations	All information and explanations requested from management were provided.

2. Financial statements – Other communication requirements

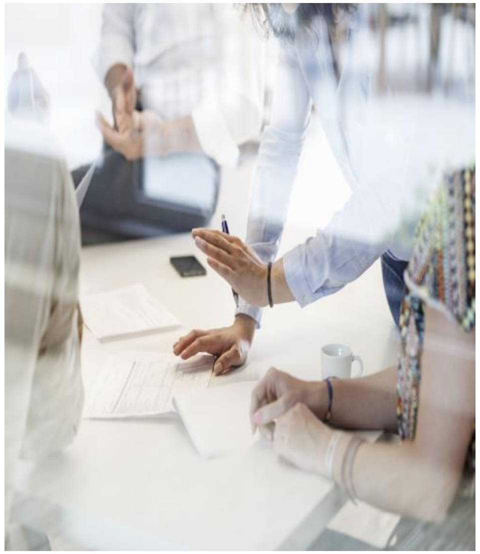
Our responsibility

As auditors, we are required 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" (ISA (UK) 570)

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities. • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial statements – Other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix G.
Matters on which we report by exception	We are required to report on a number of matters by exception in the following areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. We reported a significant weakness in Value for Money arrangements in January 2024 – see page 23. Whilst we are satisfied that our Key Recommendation has been addressed and that there was not a significant weakness in arrangements in this areas as at 31 March 2024, we are required to report that a significant weakness was identified in year in our audit report. We have nothing else to report on these matters.



2. Financial statements – Other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued. We are satisfied that this work would not have a material effect on the financial statements for the year ended 31 March 2024.
Certification of the closure of the audit	We cannot yet certify the closure of the 2023/24 audit of Oadby & Wigston Borough Council due to changes in the NAO instructions issued to us as part of WGA procedures.

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years).

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

3. VFM – Our procedures and conclusions

We have now completed our VFM work. Our detailed commentary is set out in the Auditor's Annual Report, which is presented to the Audit Committee as a separate item.

Our planning work identified one significant weakness in arrangements. This was in the area of financial sustainability and was identified whilst following up progress against the improvement recommendations raised in our Auditor's Annual Report for 2021/22. On 16 January 2024 we reported a significant weakness in relation to the Council's latest financial projections showing a cumulative budget gap to 2025/26 of £6.883m before planned savings. We raised the following key recommendation:

Key recommendation	The Council needs to take urgent action to implement savings plans identified to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26.
Management response	The Council (12 December 2023) considered the emerging budget position for 2024/25. Council approved the sustainability plan (appendix 4 to the report) in the main, including moving to alternative weekly refuse and recycling collections. Some small changes to proposals were made requiring a small increase in savings to be found through service transformation, however all the suggestions put forward to meet the £1.267m gap have been approved including an ongoing commitment that the Council should not use reserves to balance the revenue budget.

As part of our detailed work, we assessed the Council's progress against this key recommendation and considered whether there were any further significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Financial sustainability: We have closed the key recommendation in regard to urgently developing savings plans. However, we have raised an improvement recommendation that the Council should continue to address the financial challenges that it faces. The one prior year improvement recommendation in relation to better demonstrating how the annual budget supports achievement of the Council's priorities has not been addressed and is carried forward.

Governance: Our work did not identify any areas where we considered that key or improvement recommendations were required. The one prior year improvement recommendation regarding budget setting is carried forward as it is too early in the financial year to be able to conclude on this.

Improving economy, efficiency and effectiveness: Our work did not identify any areas where we considered that key or improvement recommendations were required. However, we have assessed commissioning and procurement arrangements as "Amber" owing to the Internal Audit findings – we have not duplicated their recommendations.

We are satisfied that there were no significant weaknesses in the Council's arrangements as at 31 March 2024.

4. Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, and managers). There are no such matters to disclose to you.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or investments in the Council held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council's members, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.
In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified as having been charged from the beginning of the financial year to September 2024, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £ 2022-23	Fees £ 2023-24	Threats identified	Safeguards
Audit related				
Certification of Housing Benefits Subsidy Claim	18,800	35,640	Self-interest (because this is a recurring fee) Self-review (because GT provides audit services) Management (because providing information to external bodies is the responsibility of management)	The level of these recurring fees taken on their own is not considered a significant threat to independence as the fees for these pieces of work in comparison to the total fee for the audit of £138,539 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, they are fixed fees and there is no contingent element to them. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self-review threat: the timing of certification work is done after the audit has completed; the immateriality of the amounts involved to our opinion; the unlikelihood of material errors arising; and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Pooling of Housing Capital Receipts Claim	10,000	10,000		

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee. None of the services provided are subject to contingent fees.

Appendices

A. Communication of audit matters to those charged with governance

B. Action plan – Audit of financial statements

C. Follow up of prior year recommendations

D. Audit adjustments

E. Fees and non-audit services

F. Management Letter of Representation

G. Audit opinion

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action plan – Audit of financial statements

We have identified 4 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	Unsupported disposals and scrapped assets Our testing of asset disposals identified some assets where management were unable to provide sufficient evidence to show appropriate disposal and derecognition. There is a risk that disposals could have occurred in a previous or future financial year, or not at all.	We recommend that management consider retaining clearer records on assets sales and disposals in order to satisfy audit requirements. **Management response** From January 2025 an annual review of assets will be carried out to ensure that any assets disposed of or scrapped are identified and removed from the asset register.
Medium	Coding of Collection Fund income and precepts and levies Collection fund income and precepts and levies expenditure were charged directly to reserves instead of the relevant CIES account codes. This was due to coding errors and so while the net of the two accounts appear correct, we could only verify the split between the collection fund income and precepts and levies expenditure by using the work carried out in Council working papers.	We recommend that management should consider implementing a timely reconciliation of expenditure and income categories to detect any errors in advance of the final accounts audit. **Management response** In-year reconciliations and checks will be carried out to ensure that all income and expenditure is coded correctly and in the appropriate accounting code.

Controls

- High – Significant effect on financial statements
- Medium – Limited effect on financial statements
- Low – Best practice

B. Action plan – Audit of financial statements

Assessment	Issue and risk	Recommendations
Medium	<u>Data provided to external experts</u> The pensionable pay data provided to the actuary only included pensionable pay for active employees, but should also have included pensionable pay for leavers during the year. There is a risk that estimates included within the financial statements are based on incorrect source data, leading to a misstatement.	Whilst we are satisfied that this would not have a material impact on the financial statements, we recommend that management implement controls to ensure that all relevant source data is provided to external experts. Management response Checks will be made to ensure that all pay data provided includes pensionable pay from both current staff and leavers.
Medium	<u>Obtaining declarations of interests</u> There was one instance of a declarations form not being completed by a sitting Councillor. In 2023/24 we have undertaken alternative procedures to confirm the related party transaction disclosure in the accounts is complete. However, there is a risk that transactions with a related party could be omitted from the disclosure in the accounts, where declarations are not returned.	We recommend that the Council obtains and holds declarations for all Councillors and all senior officers, and that they are updated on a regular basis. Management response Declarations are sent out annually and we will continue to chase for completion as necessary.

Controls

- High – Significant effect on financial statements
- Medium – Limited effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of Oadby & Wigston Borough Council's 2022/23 financial statements, which resulted in 6 recommendations being reported in our 2022/23 Audit Findings Report. We are pleased to report that management has implemented 4 of our recommendations but note that 2 are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<u>Minimum Revenue Provision</u> From our review of the Council's Minimum Revenue Provision (MRP) we identified that the Council's published MRP Policy states that they are using Option 2 for supported debt. Using this option MRP is calculated using the CFR (Capital Financing Requirement, as defined in the Prudential Code) method. The statutory guidance states this should be 4% of the non-housing CFR for the preceding financial year. However, the Council's policy states that 2% should be used. The guidance does allow the Council to amend the percentage rate, however the MRP Policy does not explain that they are doing this or the basis for the amendment. The Council should review its MRP policy to ensure that it documents compliance with statutory guidance and that it explains the basis for the calculation.	Management has confirmed that the MRP policy was reviewed in year and a new methodology has now been implemented, though we note that the previous policy was in place for the financial year being audited.
✓	<u>Useful Economic Lives</u> Our review of the Useful Economic Lives Vehicle, Plant & Equipment Assets that a number of assets totalling £4.45m were fully depreciated. In some cases the assets were no longer in use by the Council. IAS 16 - Property, Plant & Equipment (paragraph 51) requires that the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate. For the remaining balance we recommend that the Council reviews their useful economic lives to ensure that they remain appropriate.	Management has confirmed that a review was undertaken in year of assets with a nil net book value. This exercise identified assets with a gross book value of approximately £2m that were no longer in use, and these have been written out in year. A review of useful lives was also undertaken during the year. However we note that there are still assets within the financial statements with a gross book value of approximately £2.5m held at nil net book value. Our testing support there not being a risk of material misstatement in relation to this balance. Going forward, management has confirmed that assets with nil net book value will be assessed annually.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<u>Expected Credit Losses</u> The Council does not allow credit for customers, such that all of the debtor's balance is past its due date for payment. The Council sets aside a provision for non-payment of these debtors based on the age of debt and the historic experience of default on these balances. For 2022/23 the Council reviewed the % used to calculate these provisions and amended the % set aside for sundry and Housing Benefit debtors, however the reasons for these changes were not documented. For any future changes in % rate the reasons for this change should be documented and approved by senior member of the finance team.	There were no changes to how this balance was calculated for 2023/24 however management has confirmed that the process for any changes in the future has been updated to include a referral to the CFO.
X	<u>IT controls – General Ledger</u> We identified that there is no review of activities, performed by individuals with superuser access (Admins) to Integra2. There is a risk that superusers could be making unauthorised changes to the system without management being aware. Management should consider whether a central review of all superuser activity could be undertaken to mitigate the risk of undetected unauthorised activity.	We have confirmed that there is no central review of superuser activity. Management has confirmed that although the superusers identified work within the transactional processing process of the finance department, they do not work within the management accounting part of the team. Management consider there to be limited risk when supplier details are changed, with only bank detail changes being considered risky. All bank detail changes are now checked by making a call to the supplier using publicly available contact information to validate bank details. Evidence of this check is reviewed by a finance manager to approve the change.
✓	<u>IT controls – New User Access</u> The process for an account set up does not include creation and authorisation, before the account goes live. There also does not seem to exist a proper access authorisation process with access areas appointed by a Senior manager or an account log in report. Management should consider the controls in place to make sure that accounts are set up correctly and relevant access is provided to employees and there is transparency of their activity on the system.	Management has confirmed that ledger access and authorisation levels for new users now requires manager approval, and we have verified this from our observations of controls around the finance system.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<u>Grants Received in Advance</u> Grants should only be recognised as a Grant Received in Advance when there are conditions attached to the grants that have not been satisfied. Our testing of testing of Grants Received in Advance identified 3 grants where there were no unsatisfied conditions and should therefore not have been recognised as a Grant Received in Advance. Management should review all grants classified as received in advance to ensure that they still meet the criteria for this recognition and still have unsatisfied grant conditions.	Management has confirmed that this review took place for the 2023/24 financial year. We have not identified any errors in our sample testing of the grants received in advance balance.
✓	<u>Collection Fund Audit Trails</u> We have identified a number of issues in obtaining audit trails and transaction listings in relation to the Collection Fund. Due to the nature of the Council Tax and NNDR system certain reports (e.g. NNDR / CTAX arrears, accounts in receipt of discounts / reliefs) cannot be run retrospectively and must be run on the day. Officers have been able to produce acceptable audit trails by pulling together information from various system reports but this has involved a significant amount of work for both officers and auditors. Management should ensure that the all the required system reports from the Council Tax and NNDR system are run on a timely basis.	Management has confirmed that a consultant was brought in to assist with running the reports. These reports are now run on a schedule and any ad hoc reports will be run as required and added to a schedule if needed.

Assessment

✓ Action completed

X Not yet addressed

D. Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
Impact of IFRIC 14 on the net pension liability				
During the course of the audit, a national issue emerged in relation to IFRIC 14, which identified that an additional onerous pension liability existed and had not been recognised in either the prior year or current year financial statements. Management has appropriately processed a prior period adjustment in respect of IFRIC 14. This has changed the opening balance of the net pension liability, therefore the adjustment in the 2023/24 accounts is the movement required to reach the appropriate closing balance which recognises the total additional liability of £5,415k at 31 March 2024.				
The effect on the current year financial statements is:				
DR pension reserve (through OCI)	3,279		3,279	Nil
CR pension liability		(3,279)		
Valuation of assets held for sale				
We noted an aggregated difference of £1,253k between the fixed asset register and the valuation report relating to the Council office and Walter Charles buildings, resulting in an understatement in accounts.				
DR assets held for sale		1,253		
CR revaluation reserve (through OCI)	(1,253)		(1,253)	Nil

D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
<u>Assets under construction</u> The amount relating to Oadby Pool of £370k is incorrect and should have been transferred to assets held for sale. We have assumed here that AHFS remains in long term assets as per the draft accounts. DR assets held for sale CR PPE	Nil	370 (370)	Nil	Nil
<u>Incorrect classification of grant income</u> We identified that grant income includes an amount of £97,856 that relates to Council Tax Court Costs that was incorrectly charged to grant income and should have been coded against fees and charges.	Nil	Nil	Nil	Nil
Overall impact	£2,026	(£2,026)	£2,026	£Nil

D. Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements. Note that all note references are in relation to the draft financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Balance Sheet and Note 19 Cash and cash equivalents	There should not be a separate bank overdraft line on the Balance Sheet or within the cash and cash equivalents note.	✓
Note 3 Assumptions made about the future and other major sources of estimation uncertainty	To meet the requirements of IAS 1, this disclosure should include the carrying value of the assets at 31 March 2024 that the uncertainty applies to; the nature of the uncertainty and what the key input or assumption is that might change between the current and next Balance Sheet dates that would change the carrying value of the assets; and a sensitivity analysis demonstrating what the Council reasonably expects the key input or assumption to change by in that period and the impact that would have on the carrying value. These disclosures are only required if the estimation uncertainty is expected to be material. We would also expect an entry for the valuation of council dwellings.	✓
Note 5 Adjustments between accounting and funding basis under regulation	The Major Repairs Reserve is not separately disclosed. The current entries in Note 5 for 'reversal of major repairs allowance credited to the HRA' of £1,518k and 'use of the major repairs reserve to finance new capital expenditure' of £1,598k are incorrectly disclosed under 'earmarked reserves'.	✓
Note 6 Transfers to/from earmarked reserves	The movements in earmarked grants have been corrected, with a £374k transfer to other reserves now showing as a transfer out of the fund, and a £50k duplicate transfer out of fund being reversed.	✓
Note 9 Financing and investment income and expenditure	Interest income was understated by £45k in the disclosure and should be disclosed as £168k.	✓
Note 10 Taxation and non-specific grant income and expenditure	Incorrect signage used for general government grants, so general government grants should go from £62k to (£62k) and as a result non-domestic rates income will go from (£6,325k) to (£6,201k) - difference of £124k.	✓
Note 20 Short term creditors	The purchase ledger balance of £307k was not included in the disclosure for “current creditors" resulting in an understatement in the creditors disclosure.	✓
Note 21 Short term provisions	Short-term provisions doesn't agree to balance sheet as provision for exit packages of £164k was omitted from the note. The line descriptors are against the wrong numbers. It should read 54 used during the year and (16) arising during the year. The same issue applies to the prior year comparatives table.	✓
Note 22 Capital grants and contributions – receipts in advance	An error of £244k overstatement was noted for the section 106 open space line. The Balance Sheet is unaffected.	✓

D. Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 23 Movements in reserves	We noted that Note 23 disclosed the Collection Fund Adjustment for the year as £-168k. The amount disclosed was incorrect and should be £394k.	✓
Note 26 Pensions fund reserve	The opening balance as at 1 April 2022 has been restated by an immaterial amount. The adjustment to this figure should have been processed as an in-year 2022/23 movement instead. This finding also relates to the same figure in note 23 movements on reserves.	X
Note 31 Note to the expenditure and funding analysis	We noted immaterial differences between the outturn report submitted to Cabinet and the column "Net Expenditure chargeable to the General Fund and HRA balances" of the Expenditure Funding Analysis (EFA). Narrative explanation should be included to explain how the EFA reconciles to the outturn report submitted to Cabinet.	✓
	We noted that an immaterial prior period adjustment was made in relation to the comparatives for 2022/23. In keeping with the requirements of IAS 8 which only requires material prior period errors to be accounted for as prior period adjustments, we recommend that immaterial prior period adjustments are corrected within the current year instead.	✓
Note 32 Expenditure and income analysed by nature	We noted that REFCUS items totalling £829k are included in Depreciation and amortisation in the CIES, instead of being shown as a separate item such as Other service expenditure in the expenditure by nature note. REFCUS should be either included in other expenditure or split out in expenditure by nature note instead of being included in depreciation and amortisation.	✓
Note 34 Audit costs	Audit fees disclosure is incorrect. The prior year comparatives have been inappropriately changed when compared to the prior year signed accounts. The narrative underneath the table should make it clear that Grant Thornton UK LLP has not been involved in setting the scale fee for the audit. The figures disclosed are incorrect by a non-trivial amount.	✓
Note 36 Remuneration of senior staff	The bandings note includes salaries for senior officers, as a result of which narrative needs to be included in the accounts to indicate that the senior officers are also included in the bandings note.	✓
Note 38 Defined benefit pension schemes	Restatement of the prior period net liability balance as a result of the adjustment relating to IFRIC 14. Additional narrative has been included to refer to the ongoing legal case of 'Virgin Media vs NTL Pension Trustees II Limited'.	✓
Note 40 Capital expenditure	We noted that the REFCUS, as per note 40, consists of both flexible use of capital receipts and REFCUS, with respective amounts of £256k and £688k. Given the distinct nature of flexible use of capital receipts from the REFCUS, we concluded that it should be disclosed separately from the note and classified separately, as it represents a different type of funding. Disclosures in Note 40 should be revised to state the prior year comparator for the increase in underlying need for unsupported borrowing to £2,706k rather than £2,405k, with the 'restated' at the top of the prior year column being removed.	✓

D. Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 46 Fair value of assets and liabilities carried at amortised cost	We noted that the Note 46 disclosure for financial liabilities held at amortised cost - Public Works Loans also includes the balance for short term creditors. The note needs to be amended to split the amounts between borrowings and creditors.	✓
	The Note 46 disclosure for fair value of financial liabilities held at amortised cost - Public Works Loans - needs to be amended to reflect the amendment of £307k that was made to include the purchase ledger balances in the disclosure for "current creditors".	✓
Note 47 Nature and extent of risks arising from financial instruments	The maturity analysis in Note 47 currently shows the current value of financial liabilities held at amortised cost - Public Works Loans as £38,674k. This needs to be amended to reflect the adjustment of £307k made to the current value of financial liabilities held at amortised cost - Public Works Loans and should read £38,981k.	✓
Note 50 Prior period adjustments	Prior period adjustment to be disclosed in relation to the net pension liability.	✓
HRA income and expenditure statement	We identified a variance of £30k between dwelling rent per HRA Note 1 of £5,466k and transactions in the fees, charges, and income population relating to dwelling rent of £5,496k. This variance of £30k is related to the housing revenue write-off, which is included in HRA Note 1, income, and dwelling rent. Dwelling rent has been amended from £5,466k to £5,496k, and the write-off of £30k has been added in the Total Expenditure section.	✓
HRA Note 2	The narrative at Note 2 to the HRA needs updating to correctly state the Balance Sheet value of council dwellings.	✓
HRA Notes 10 and 11	Two additional disclosures were required, to meet the disclosure requirements of the CIPFA Code. These were the amount of capital expenditure funded by the HRA (additional Note 10 now included) and the amount of transfer to the general fund (additional Note 11 now included).	✓
Collection Fund account	Transitional protection payments (TPP) had been netted out. TPP in respect of NDR of £102k were netted down against the TPP receivable of £306k (into a line for the net amount of £204k). There is no overall change to the movement in the fund for the year, or the reported deficit for NDR but amounts are above trivial, and the current disclosure is non-compliant with the Code requirements.	✓
Collection Fund Note 3	Note 3 should include additional narrative and/or headings in the table to appropriately distinguish between the impairment for bad debt provision and the separate provision that relates to the business rates appeals. The amount disclosed in Note 3 to the Collection Fund for the provision for bad debts is stated at £59k and differs by £21k from the provision amount of £80k included in short term debtors.	✓

D. Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Collection Fund Note 4	The precept for Leicestershire Police Authority is incorrectly shown against the Central Government line.	✓
Accounting policies	We noted that a "Going Concern" note was missing from the accounts. In keeping with section 3.8.2.24 of the Code, local authorities are required to prepare their accounts on the going concern basis. However, the accounts should include management's assessment of the local authority's going concern assessment, and also that the functions of the local authority will continue in operational existence for the foreseeable future, as it can only be discontinued as a result of statutory prescription.	✓
Accounting policies	No accounting policy has been disclosed for allowances for impaired debt or expected credit loss allowances.	✓
Annual Governance Statement	The AGS has been updated to reference the significant weakness in arrangements on financial sustainability identified in January 2024 as part of our Value for Money work.	✓
We identified a number of minor typographical and disclosure issues throughout the draft financial statements that have been amended by management.		✓

D. Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
Invoices raised after year-end The testing of invoices raised after year-end identified an item of business rates income for £199k relating to 2022/23 that had been accounted for in 2024/25. As this would constitute an immaterial prior year error, the correct accounting treatment would be to recognise the income in 2023/24.	(199)	199	(199)	Nil	Immaterial
Capital additions Sample testing of additions identified 2 errors totalling £3,019. One of the samples was found to be invalid capital, while the other was overstated by £1,219. As this was a sample, we have extrapolated these errors to determine a projected error across the total additions population £26,124.	26	(26)	26	26	Immaterial
Unsupported disposals and scrapped assets Our testing identified some assets where management were unable to provide sufficient evidence to show appropriate disposal and derecognition. We extrapolated these issues across the total population which resulted in a projected error of £74,839.	(75)	75	(75)	Nil	Immaterial

D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
Errors identified at the Pension Fund There was an understatement in the value of assets identified at the pension fund. Applying the Council's percentage share of assets at 0.73% results in an understatement of gross pension assets of £30,799, which would decrease the net liability.	(31)	31	(31)	Nil	Immaterial
Error in valuation of an asset We identified a £26,342 overstatement in the valuation of one asset due to the incorrect land area being used in the valuation calculation.	26	(26)	26	Nil	Immaterial
Overall impact	(£253)	£253	(£253)	£26	

D. Audit adjustments

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
<u>Pension fund errors</u> The auditor of Leicestershire Pension Fund reported two issues in respect of the estimated rate of return on investments used by the actuary in the IAS19 report which differed from the actual rate of return achieved by the pension fund, and timing issues identified in the valuation of pension fund assets. The net impact of these for the Council was an overstatement of the net pension liability of £69k. The impact on the 2023/24 financial statements would be a £69k decrease in the 'actuarial gain on pension fund assets and liabilities' as shown on the CIES.	69	Nil	69	Nil	Immaterial
Overall impact	£69	£Nil	£69	£Nil	

E. Fees and non-audit services

We confirm below our final fees charged for the audit and provision of non-audit services. The below are services identified as having been charged or where work has been undertaken from the beginning of the financial year to January 2025.

Audit fees	Proposed fee £	Final fee £ (TBC)
Scale fee set by Public Sector Audit Appointments Ltd (PSAA)	131,009	131,009
Increased audit requirements of revised ISA 315 (note 1)	7,530	9,410
Total audit fees (excluding VAT)	**138,539**	**140,419**

Additional fees in relation to ISA 315 is still subject to approval by PSAA . The additional work required by this auditing standard was not accounted for in the scale fee. The impact on our work was greater than estimated at planning.

Non-audit fees for other services	Proposed fee £	Final fee £ (TBC)
Audit related services		
Certification of Housing Benefits Subsidy Claim 22-23	18,800	18,800
Certification of Housing Benefits Subsidy Claim 23-24 (note 2)	35,640	35,640
Certification of Pooling of Housing Capital Receipts Claim 22-23	10,000	10,000
Certification of Pooling of Housing Capital Receipts Claim 23-24 (note 2)	10,000	10,000
Total non-audit fees (excluding VAT)	**74,440**	**74,440**

Note 2: Please note that the fees for these pieces of work have not yet been agreed with management. The proposed fee entered for 2023-24 is an indicative fee based on an expectation of the level of work.

The total value of non-audit services is £45,640 for 2023/24. This constitutes a significant proportion of the proposed audit fee (33%). Having due regard to the FRC Revised Ethical Standard 2019 para 4.18 in respect to provision of Non Audit Services, we have evaluated the perceived self-interest threat to independence. The Council does not meet the definition of a Public Interest Entity, and therefore the Non Audit Services fee cap is not applicable. As a result, and given the nature of the non-audit service, we have not identified a threat to our independence. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. None of the services provided are subject to contingent fees

E. Fees and non-audit services

Total audit and non-audit fee	
Audit fee £138,539	Non-audit fees £45,640 (TBC)

The fees reconcile to the financial statements, which show audit fees of £132k and non-audit fees of £73k, as follows:

Audit fee per note 31 of the financial statements £132k (rounded)

Add proposed additional fee for ISA 315 £7,530

Total audit fees £139k (rounded)

Audit fee per AFR £138,539

Additional fees, as reflected in final audit fee, are not reflected in the financial statements.

Non-audit fees per note 31 of the financial statements £73k (rounded) which comprises multiple years based on timing of invoices and recognition to expenditure

Less certification of housing benefits subsidy claim 2022-23 £18,800

Less certification of pooling of housing capital receipts claim 2022-23 £10,000

Total non-audit fees £44k (rounded)

Non-audit fees per AFR £45,640

None of the above services were provided on a contingent fee basis.

This covers all services provided by us and our network to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

F. Management Letter of Representation

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

[Date]

Dear Grant Thornton UK LLP

Oadby & Wigston Borough Council
Financial Statements for the year ended 31 March 2024

This representation letter is provided in connection with the audit of the financial statements of Oadby & Wigston Borough Council for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and building assets and council dwellings, and the net pension liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Except as disclosed in the financial statements:

a. there are no unrecorded liabilities, actual or contingent;

b. none of the assets of the Council has been assigned, pledged or mortgaged; and

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

We have considered the unadjusted misstatements schedule included in your Audit Findings Report and in the appendix. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

The prior period adjustment disclosed in Note xx to the financial statements is accurate and complete. There are no other prior period errors to bring to your attention.

We have updated our going concern assessment. We 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:

a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entity to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

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.

F. Management Letter of Representation

The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

Information Provided

We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.

We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 22 January 2025.

Yours faithfully

Name................................

Position..............................

Date................................

Name................................

Position..............................

Date................................

Signed on behalf of the Council

G. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Council with an unmodified audit report.

Independent auditor's report to the members of Oadby & Wigston Borough Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Oadby & Wigston Borough Council (the 'Authority') for the year ended 31 March 2024, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, notes to the core financial statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and notes to the Housing Revenue Account, the Collection Fund Account and notes to the Collection Fund Account, and the Statement of 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 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority 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

We are responsible for concluding on the appropriateness of the Chief Finance Officer (Section 151 Officer)'s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer (Section 151 Officer)'s conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Finance Officer (Section 151 Officer)'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 Authority'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 Chief Finance Officer (Section 151 Officer) with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Financial Report other than the financial statements and our auditor's report thereon. The Chief Finance Officer (Section 151 Officer) is responsible for the other information. 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.

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 themselves. 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.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

G. Audit opinion

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Financial Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Chief Finance Officer (Section 151 Officer)

As explained more fully in the Statement of Responsibilities [set out on page 26], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer (Section 151 Officer). The Chief Finance Officer (Section 151 Officer) is responsible for the preparation of the Financial Report, 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 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer (Section 151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer (Section 151 Officer) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, the Local Government and Housing Act 1989, and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).

We enquired of management and the Audit Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and management bias within significant accounting estimates. We determined that the principal risks were in relation to high risk journal entries and the valuation of significant estimates. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on high value manual journals posted as part of the year-end closedown process, journals posted by senior finance officers, journal entries that altered the Authority's financial performance, and journals posted by individuals identified as having privileged access to the Authority's ledger system,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and building assets and council dwellings, and the net pension liability, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

G. Audit opinion

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the presumed significant risk of fraudulent revenue and expenditure recognition. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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 other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter, except on 16 January 2024 we identified a significant weakness in how the Council plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the Council's latest financial projections showing a cumulative budget gap to 2025/26 of £6.883m before planned savings. We recommended that the Council take urgent action to implement savings plans identified to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority 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 Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Oadby & Wigston Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 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 Authority's members 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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

Date