



Audit Progress Report

North East Lincolnshire Council – Year ending 31 March 2024

January 2025

Audit and Governance Committee
North East Lincolnshire Council
Town Hall
Town Hall Square
Grimsby
DN31 1HX

January 2025

Forvis Mazars
2 Chamberlain Square
Birmingham
B3 3AX

Dear Committee Members,

Audit Progress Report – Year ended 31 March 2024

We are pleased to present our Audit Progress Report for the year ended 31 March 2024. The purpose of this document is to summarise the present status of the audit of the accounts for the year ended 31 March 2024.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 7th November 2024. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team who continue to support the audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me at Mark.Surridge@mazars.co.uk

Yours faithfully,

Mark Surridge

Forvis Mazars LLP

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Audit Progress update



Audit Progress update

Introduction

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO').



Opinion on the financial statements

With the audit work ongoing we intend to sign our audit report and provide to the Audit and Governance Committee an audit completion report when the audit is concluded in February 2025. In the following pages we detail the areas that remain outstanding.



Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



Value for Money arrangements

Work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources is still ongoing. We are currently in progress with VFM work, the audit results report will be made available within the timetable after signing the audit report.



Wider reporting responsibilities

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We have not received any such correspondence.

Audit Progress update

2023/24 planning

At the November 2024 meeting of the Audit and Governance we shared our Audit Strategy Memorandum for 2023/24, including:

- Our audit responsibilities and planned communications with the Committee
- The key members of the audit team and their responsibilities
- The planned audit approach and the timing of the key stages of the audit
- The significant audit risks identified and our planned response
- The expected materiality thresholds to be applied in carrying out our audit work and evaluating any errors or misstatements identified
- The approach to completing our assessment of the Council's VFM arrangements and the outcome from the initial risk assessment.

There are no significant changes to the summary we reported in November 2024 and no additional matters that we need to highlight to the Committee.

Financial statements audit progress

The 2023/24 Audit is in progress. We have commenced our main audit visit and are continuing to progress the audit during January and February and aim to report before the backstop date of 28 February.

We will present our Audit Completion Report to the Committee's February 2025 meeting, subject to our audit work being substantially completed, to enable us to conclude and provide a complete and meaningful Audit Completion Report.

There are no significant findings from the audit work completed to date that we need to highlight for the Committee's attention at this stage.

Audit Progress update

Value for Money

We have commenced our work on the Council’s value for money arrangements and have received initial information requested in order to progress this work. Details of our assessment to date have been included below and represent the position based on work performed so far.

Financial Sustainability

We have reviewed the Council’s overall governance framework, including Council and Committee reports, the Annual Governance Statement, and Statement of Accounts for 2022/23 and 2023/24. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plan to best meet the needs of the Council’s service users.

We have read committee reports covering budget setting for 2022/23 and 2023/24, including the Medium-Term Financial Strategy. We also met regularly with Officers throughout the year. We carried out a high-level analysis of the financial statements subject to our audit, including the Movement in Reserves Statement and our work to date has not highlighted any risks of significant weakness in arrangements to the Council’s financial sustainability:

£'000	2021/22	2022/23	2023/24
General Fund	8,300	8,300	8,300
Earmarked Revenue Reserves	37,699	17,791	17,372
Total Revenue reserves	45,999	26,091	25,672
Capital Reserves	4,747	5,941	8,359
Total usable reserves	50,746	32,032	34,031

Our considerations on financial sustainability remain ongoing, including but not limited to, our review of the Medium Term Financial Strategy, savings plans and addressing budget gaps, as such we provide no conclusion over the Council’s arrangements for financial sustainability at this stage.

Governance

The arrangements are detailed in the Statement of Accounts and Annual Governance Statement. We have

considered both documents against our understanding of the Council as part of our audit. Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear. Minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made. The Council has an established Audit and Governance Committee and a functioning Internal Audit team. Neither have raised significant concerns regarding internal control or governance failings.

Our considerations on governance arrangements are ongoing, including aspects of risk relating to the medium term financial strategy, and we will provide our final commentary as part of the Auditor’s Annual Report in February 2025.

Improving economy, efficiency and effectiveness

The Council have an ongoing significant weakness in relation to Ofsted findings as noted below:

“Ofsted is the Office for Standards in Education, Children’s Services and Skills. It inspects and regulates services that care for children and young people. The Authority’s children’s services were last inspected in 2017, when it was rated “Good”. Ofsted has carried out focused visits in the intervening period with the most recent letter being dated in June 2021, but without changing the overall rating. In October 2021, Ofsted commenced an inspection into children’s services, publishing its report on 26 November 2021. The overall effectiveness of children’s services has been graded “Inadequate”, citing weaknesses in assessment, planning and decision-making.

The matters identified by Ofsted are relevant to the financial year ending 31 March 2021 and, in our view, indicate a significant weakness in the Authority’s arrangements for Governance and for Improving Economy, Efficiency and Effectiveness.

We have not yet made an assessment as to whether the significant weakness is still present for the 2023/24 financial year however, we have reviewed further reports published by Ofsted in February and October 2024. From these reports we have noted that the Council has improved in the response to planning and achieving permanence for some children. Additionally, the Council now have a new permanent, experienced director of children’s services, alongside several new permanent and experienced senior leaders. Self assessment by the Senior Leadership team show awareness of where improvement are required and clear targets for priority areas for improvement.

We will provide our findings in the Auditor’s Annual Report, due in February 2025.

Contact

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