

Audit Completion Report

Boston Borough Council – Year ended 31
March 2022

March 2023



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Audit and Governance Committee Members
Boston Borough Council
Municipal Buildings
West Street
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Lincolnshire
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7 March 2023

Dear Committee Members

Audit Completion Report – Year ended 31 March 2022

We are pleased to present our Audit Completion Report for the year ended 31 March 2022. The purpose of this document is to summarise our audit conclusions.

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 16 May 2022. 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 during our audit.

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

Yours faithfully

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Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Valuation of net defined benefit liability; and
- Valuation of land and building assets held at valuation.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations which include the need to improve the financial reporting arrangements currently in place. Section 6 sets out audit misstatements; unadjusted misstatements total £673k.

Value for Money

Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022. At the time of preparing this report, a number of matters remain outstanding as outlined in section 2. We will provide an update to you in relation to these outstanding matters through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

Our Value for Money work remains in progress and the results of this will be reported within our Auditor's Annual Report later in the year. At this stage we have not identified any significant weaknesses in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



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.



Wider powers

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. No such correspondence from electors has been received.

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Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
New Payroll System		We are still awaiting supporting evidence from the Council in respect of the completeness and accuracy of the transfer of its payroll information between systems in addition to appropriate project management documentation.
Consolidation of PSPS Ltd		We are still awaiting formal evidence to confirm the accuracy of the Council's share in its consolidated joint operation Public Services Partnerships (PSPS) Ltd.
Going Concern		We are still to receive managements formal assessment as to why it believes the accounts should be prepared on a going concern basis.
Audit Quality Control and Completion Procedures		Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion, obtaining final management representations and agreeing adjustments to the final set of accounts.
Whole of Government Accounts (WGA)		NAO Group Instructions for local authority audits are not yet available and WGA returns and audit certificates cannot be issued at the present time. We provide more information on this matter at page 15.

-  Likely to result in material adjustment or significant change to disclosures within the financial statements.
-  Potential to result in material adjustment or significant change to disclosures within the financial statements.
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements.

We will provide the Audit and Governance Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.



03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum dated March 2022. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit, based on the prior year's audited financial statements, was set at £900k, using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements is £970k using the same benchmark.

Use of experts

In our Audit Strategy Memorandum we identified the following experts planned to be used by management in preparing the financial statements, and by ourselves in carrying out our audit. There are no changes to the planned approach or matters arising to report.

Item of account	Management's expert	Our expert
Property, plant and equipment	Kier Business Services <i>The Council's external valuer</i>	Not applicable
Pensions	Barnett Waddingham <i>Actuary for Lincolnshire Pension Fund</i>	PwC LLP <i>Consulting actuary appointed by the NAO</i>
Financial instrument disclosures	Link Asset Services <i>Treasury management advisors</i>	Not applicable
Business rates appeals valuation	Inform CPI Ltd <i>The Council's rating specialist</i>	Not applicable

There are no reporting matters to highlight from our consideration of the work of experts.



04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks, areas of audit focus and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 14 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

As part of our planning procedures we considered the risks of material misstatement in the Council’s financial statements that required special audit consideration and reported these to you in our Audit Strategy Memorandum. Our risk assessment however is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risks

Management override of controls

Description of the risk

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members’ attention in relation to management override of controls.



4. Significant findings

Net defined benefit liability valuation	<p>Description of the risk</p> <p>The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>
<p>How we addressed this risk</p> <p>To address this risk we have:</p> <ul style="list-style-type: none"> Assessed the competency, objectivity and independence of the Lincolnshire Pension Fund's Actuary, Barnett Waddingham LLP; Liaised with the auditors of the Lincolnshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation was complete and accurate; Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided the consulting actuary engaged by the National Audit Office; and Agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements. 	
<p>Findings to date</p> <p>Our audit procedures identified both material and non-material misstatements in relation to these balances, which we report in Section 6.</p>	

Valuation of land and building assets held at valuation	<p>Description of the risk</p> <p>The Council's accounts contain material balances and disclosures relating to its holding of land and buildings within the caption of property, plant and equipment, as well as investment properties, with the majority required to be carried at valuation.</p> <p>The valuation of these assets is complex and is subject to a number of management assumptions and judgements.</p> <p>Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p>
<p>How we addressed this risk</p> <p>To address this risk we have:</p> <ul style="list-style-type: none"> Assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; Considered whether the overall revaluation methodologies used by the Council's valuer's are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; Assessed whether valuation movements are in line with market expectations by considering valuation trends; and Assessed the approach that the Council adopts to ensure that assets that are not subject to revaluation in 2021/22 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer. 	
<p>Audit conclusion</p> <p>Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention in relation to the valuation of land and building assets held at valuation.</p>	

4. Significant findings

Areas of audit focus

Implementation of new payroll system	Description of the issue In 2021/22, the Council implemented a new payroll system. When implementing a new significant financial system, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of the data transfer from the previous payroll system.
	How we addressed this area To address this issue we have: <ul style="list-style-type: none">• Gained an understanding of the procedures used by the Council to ensure the effectiveness of the new payroll system;• Reviewed the controls the Council has put in place to ensure the accurate transfer of data from the previous system;• Gained an understanding of the Council’s system for accounting for payroll expenditure and evaluating the design of the associated controls; and• Ensured that the Council has accurately reconciled the payroll expenditure reported in the financial statements to total expenditure recorded in the payroll system.
	Audit conclusion We are yet to finalise our work in this area, but at this stage we have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members’ attention.



4. Significant findings

Qualitative aspects of the Council’s accounting practices

We have reviewed the Council’s accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council’s circumstances.

We do note however, that the Council has again departed from MHCLG’s Statutory Guidance on Minimum Revenue Provision in respect of its property fund assets. Whilst we are satisfied that the Council’s rationale for this departure is reasonable and that its provision is prudent, we are aware that this is still an area of focus by MHCLG, CIPFA and the National Audit Office.

Whilst the Council published a set of draft accounts by the statutory deadline of 31 July 2022, which were presented to the Audit and Governance Committee at its meeting on 3 October 2022, a further set of draft accounts were made available to us on 30 October 2022 prior to the commencement of our audit. These were accompanied by a set of working papers of variable quality.

Significant matters discussed with management

Significant matters discussed with management during our audit and which had implications for our audit testing and reporting included:

- The Council’s accounting treatment in respect of the pensions settlement costs associated with the transfer of staff to PSPS Ltd.
- The Council’s accounting treatment in respect of the winding-up of one of its property fund holdings, including the appropriateness of its Minimum Revenue Provision.

Significant difficulties during the audit

During the course of the audit a number of significant difficulties were encountered, as outlined below, although we have had the full co-operation of management in resolving these:

- Poor quality draft accounts

Our initial review of the draft accounts identified a number of basic issues including casting and categorisation errors, disclosure notes not updated from the previous year and incorrect narrative.
- Poor quality working papers

The Council’s finance team experienced a number of staffing issues during the accounts production and audit timeframe. As a result our audit has identified that the standard of the working papers provided to support the figures within the financial statements fell below our expectations. Examples include missing information, incorrect interpretation and application of guidance and incorrect population of supporting models, all resulting in incorrect disclosure of financial statement figures and additional time being required to resolve issues.
- Significant delays in management providing required information

We have faced a number of significant delays in the provision of requested information from management during the course of the audit, in some cases this taking in excess of a month to receive. As a consequence the audit has progressed at a far slower pace than envisaged.

We continue to work with management to complete any remaining audit work and resolve audit queries and are grateful for the co-operation and support provided.



4. Significant findings

Audit fees

As set out in our Audit Strategy Memorandum, we identified the need for a variation to the published scale fee to take account of several matters. Our current estimate, which remains broadly in line with those indicated within our Audit Strategy Memorandum, is set out below:

- Additional testing on Property, Plant & Equipment and Defined Benefit Pensions Schemes as a result of changes in regulatory expectations – at least £8,000.
- Additional testing as a result of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA570 (Revised) Going Concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements – £3,000 to £4,000.
- Additional work as a result of the new Code of Audit Practice and VFM reporting – £7,500 to £15,000 depending on any risks to report upon.
- Additional work in respect of the Council's consolidation of its joint operation PSPS Ltd. – £2,500 to £3,500.
- Additional work in respect of the Council's implementation of a new payroll system – £3,000 to £4,000.
- Additional work required as a result of the late availability of the Council's published draft accounts and quality of supporting working papers – in the region of £10,000.

We will agree the final fee, and any further variations, with management prior to reporting to the Audit and Governance Committee and finalisation in the Annual Auditor's Report.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2021/22 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such questions or objections have been raised.

Possible delay in the audit certificate

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

- Value for Money - We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2022 and expect to report our findings in the 2021/22 Auditor's Annual Report within 3 months of giving our audit opinion. At the time of preparing this report, we have not identified any significant weaknesses in the Council's arrangements that require us to make a recommendation.
- Whole of Government Accounts - The NAO has not yet issued its Group Instructions for local authority audits.

We will update the Audit and Governance Committee when more information is known but at this stage the draft Auditor's Report at Appendix B assumes that we are not able to issue the Audit Certificate at this stage.

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Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	3
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1



5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency

Production of draft accounts and working papers

The quality of the Council's draft accounts and its supporting working papers have seen a deterioration over previous years.

Potential effects

The lack of a complete set of draft accounts, including associated disclosures, for the start of the audit and poor quality working papers can lead to inefficiencies for both the Council and auditors, as staff time is required to investigate, discuss and resolve issues and may, in certain circumstances, lead to delays in the audit timescales.

Recommendation

It is important that the Council takes the steps necessary to re-establish robust arrangements and staffing to support the 2022/23 year-end. Quality control procedures in respect of the accounts preparation process and supporting working papers need to be strengthened and the Council, in its closedown procedures for 2022/23, should include sufficient time for a robust quality control process to be implemented.

Management response

Robust working papers are in the process of being set up for 2022/23 in preparation for year end. Finance Officers are being provided with training in preparation for year end, which includes detailing the requirements for detailed working papers, a thorough review process will take place on all working papers to ensure compliance with Code of Practice accounting requirements, and compliance with external audit evidence requirements. This will also enable prompt responses to be provided to audit queries for 2022/23. Much of this work commenced during the 2021/22 audit process, however due to the volume of audit requirements and working papers required, not all working papers could be re-created in a new format in the year end timescales given so we will continue to work through these.

Description of deficiency

Unreconciled Council Tax Cash Receipts

The Council's reconciliation of the year end Council Tax position for the Collection Fund shows an unreconciled cash position of £97k at the year end.

Whilst we would anticipate some element of unreconciled cash existing at the end of each period, due to the sheer volume of transactions, this value is significant.

Potential effects

There is a risk of cash postings not being allocated to the correct accounts on a timely basis resulting in inaccurate management information and inappropriate debt recovery action.

Recommendation

The Council should ensure that sufficient resources are devoted to reconciling the cash position on both its Council Tax and NNDR positions at the year end.

Management response

We will ensure that the cash received on the ledger is reconciled to the Council Tax system on a regular basis and any discrepancies are investigated and resolved.

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency

Council Tax/NNDR/Housing Benefits System Parameters

The Council is required to update certain system parameters within its Council Tax, NNDR and Housing Benefit systems prior to the start of each new financial year.

Our work has identified that for this year the Council did not undertake a formal process of checking that these details had been entered completely and accurately resulting in a failure to identify that a number of parameters within the Housing Benefits system had been incorrectly entered.

Potential effects

The use of incorrect base parameters within a system has the possibility to impact a large number of accounts resulting in inaccurate bills to be issued or awards of benefit to be made.

Recommendation

The Council should ensure that a formal system of verifying the complete and accurate input of system parameters is instigated with records retained of the checks undertaken to confirm this.

Management response

With effect from 1st April 2021, the Revues Service for the Council has been delivered by PSPS Ltd. The parameters for the Financial Year 2021/22 had already been entered before the Service was transferred to PSPS Ltd. The process for 2022/23 and subsequent years has been aligned with that operated by PSPS for ELDC and SHDC, which requires a verification of the entered parameters.

Other deficiencies in internal control – Level 3

Description of deficiency

Management Review of Journals

As part of its controls over journals postings management undertake a year end review of all journals over £10k.

Our testing identified that the evidence supplied in support of this review was dated 30 January 2023, some 10 months after the year end. Whilst the Council maintains that this review was undertaken as part of the closedown process this cannot be substantiated.

Potential effects

Unusual or unexpected journal postings are not reviewed and investigated on a timely basis, and may lead to inaccuracies in the financial statements.

Recommendation

The Council should ensure that it instigates a robust system of either journal authorisation procedures or management review of journals on a timely basis.

Management response

The over £10k monthly review of journals has been superceded by the implementation of Unit4 in July 2022. All journals entered into Unit4 are escalated to the next level in the hierarchy for approval before posting. We are therefore satisfied that the quality review of journals is now being undertaken at source, before the journal is posted, and the retrospective review is not required.

5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency

Failure to maintain an appropriate asset register

The Council has failed to maintain an asset register that records all the information necessary for it to calculate all of its required financial statement entries, specifically it does not hold historical cost information.

Potential effects

The Revaluation Reserve and Capital Adjustment Account may be materially misstated as a result of the inability of the Council to calculate difference between fair value depreciation and historical cost depreciation.

Recommendation

The Council should ensure that a complete and accurate asset register is maintained to ensure that appropriate it is able to correctly calculate all of its required financial statement entries.

2021/22 update

Our work in the current year has identified that the Council has now reconstructed its asset register, including the relevant historical cost data, enabling it to make the necessary accounting entries.

Description of deficiency

Production of draft accounts and working papers

The Council's finance team experienced turnover of several key posts during the accounts production timeframe. This resulted in a loss of detailed knowledge over particular aspects of the accounts production and ledger processes and increased time pressures on staff over this period.

Our audit has identified that the standard of the working papers provided to support the figures within the financial statements fell below the standard we would expect to see, and significant delays have been encountered in the provision of required information by management

Potential effects

Poor quality working papers can lead to inefficiencies for both the Council and auditors, as staff time is required to investigate, discuss and resolve issues and may, in certain circumstances, lead to delays in the audit timescales.

Recommendation

It is important that the Council takes the steps necessary to re-establish robust arrangements and staffing to support the 2021/22 year-end. Quality control procedures in respect of the accounts preparation process need to be strengthened and the Council, in its closedown procedures, should include sufficient time for a robust quality control process to be implemented.

2021/22 update

Whilst the Council has overcome some of the issues of the previous year it continues to be faced with staffing issues that have a negative impact on its ability to produce good quality accounts and supporting workings, and the need for a prompt response to audit queries and issues. As a consequence with have raised a further control deficiency in the current year for this issue.



5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency

Maintenance of property asset information

Our testing of the Council's property assets has confirmed that it has not maintained an accurate database of its portfolio of assets, specifically the floor areas of buildings. As the floor areas of buildings are utilised by the valuer in some of their valuations it is essential that such records are maintained to ensure accurate valuations are undertaken and reported at each year end.

Potential effects

The Council's property valuations may be materially misstated within the financial statements as a result of inaccurate floor areas being used in valuations.

Recommendation

The Council should ensure that complete and accurate records are maintained in respect of its property assets to ensure appropriate valuations are able to be undertaken.

2021/22 update

Our work in the current year has identified that the Council has improved its recording of floor area measurements enabling appropriate evidence to be provided in support of its asset valuations at the year end.

Description of deficiency

Expected Credit Loss Model

Our review of the Council's debt impairment calculations have confirmed that these are not in accordance with its stated accounting policy which establishes the use of the expected credit loss model as required under IFRS 9 and the CIPFA Code.

Potential effects

The Council is failing to comply with the requirements of current accounting standards and the CIPFA Code. This may lead to the incorrect debt impairment figure being calculated and disclosed within the financial statements.

Recommendation

The Council should review its approach to the calculation of its debt impairment to ensure that this accords with the requirements of IFRS 9 and the CIPFA Code.

2021/22 update

Our work in the current year has identified that the Council has reviewed its debts for impairment in line with the expected credit loss model, as required under IFRS9 and the CIPFA Code.



06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £29,000 for the Council's single entity financial statements. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: CIES – Expenditure (Finance) Dr: BS – Net pension liability Cr: BS – Unusable reserves	37		387	(424)
Revision to IAS 19 liability following receipt of updated pension fund asset valuation information. This error also has consequential implications for the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, Note 24 in respect of Unusable Reserves and Note 36 in respect of Defined Benefit Pension Schemes.					
2	Dr: CIES – Income (Taxation and non-specific grants) Cr: BS – Short term debtors Cr: BS – Short term creditors	249			(237) (12)
Incorrect application of model for the calculation of NNDR bad debt provision. This error also has consequential implications for the Movement in Reserves Statement, the Cash Flow Statement, Note 7 in respect of the Expenditure and Income Analysed by Nature, Note 8 in respect of Adjustments Between Accounting Basis and Funding Basis Under Regulations, Note 9 in respect of Earmarked Reserves, Note 12 in respect of Taxation and Non-Specific Grant Income, Note 18 in respect of Debtors, Note 21 in respect of Creditors, Note 24 in respect of Unusable Reserves, Note 25 in respect of the Cash Flow, Note 32 in respect of Grant Income and the Collection Fund and related notes.					
Total unadjusted misstatements		286	-	387	(673)

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6. Summary of misstatements

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: CIES – Income (General fund assets)	46			
	Dr: CIES – Income (Finance)	20			
	Dr: CIES – Income (Governance)	5			
	Dr: CIES – Income (Wellbeing & community leadership)	4			
	Dr: CIES – Income (Corporate)	25			
	Dr: CIES – Income (Neighbourhoods)	490			
	Cr: CIES – Expenditure (General fund assets)		(189)		
	Cr: CIES – Expenditure (Leisure and culture)		(9)		
	Cr: CIES – Expenditure (Neighbourhoods)		(69)		
	Cr: CIES – Expenditure (BTAC)		(323)		
Failure to eliminate internal service charges from the Council's financial statements. This error also has consequential implications for Note 6 in respect of Expenditure and Funding Analysis and Note 7 in respect of the Expenditure and Income Analysed by Nature.					
2	Dr: CIES – Income (Financing and investment income and expenditure)	2,308			
	Cr: CIES – Expenditure (Finance)		(1,234)		
	Cr: CIES – Expenditure (Wellbeing and community leadership)		(415)		
	Cr: CIES – Expenditure (Corporate)		(659)		
Incorrect disclosure of the capitalised gain arising on the Council's joining of the PSPS Ltd. Joint operation. This error also has consequential implications for Notes 6/6A in respect of the Expenditure and Funding Analysis, Note 7 in respect of Income and Expenditure Analysed by Nature and Note 11 in respect of Financing and Investment Income and Expenditure.					

6. Summary of misstatements

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
3	Dr: CIES – Income (Other operating income and expenditure) Cr: CIES – Income (Financing and investment income and expenditure)	457	(457)		
	Revision to the treatment of income distributions in respect of the M&G property fund holding. This error also has consequential implications for the Movement in Reserves Statement, the Cash Flow Statement, Notes 6/6A in respect of the Expenditure and Funding Analysis, Note 7 in respect of Income and Expenditure Analysed by Nature, Note 8 in respect of Adjustments Between Accounting Basis and Funding Basis Under Regulations, Note 9 in respect of Earmarked Reserves, Note 11 in respect of Financing and Investment Income and Expenditure and Notes 25 and 26 in respect of the Cash Flow.				
4	Dr: BS – Usable reserves Cr: BS – Unusable reserves			186	(186)
	Incorrect application of the Council's MRP policy. This error also has consequential implications for the Movement in Reserves Statement, Notes 6/6A in respect of the Expenditure and Funding Analysis, Note 8 in respect of Adjustments Between Accounting Basis and Funding Basis Under Regulations, Note 9 in respect of Earmarked Reserves, and Notes 24 in respect of the Capital Adjustment Account.				
	Total adjusted misstatements	3,355	(3,355)	186	(186)

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6. Summary of misstatements

Disclosure amendments

In addition to the above numerical errors that relate directly to the primary statements or their related notes, our audit also identified a number of errors and adjustments in relation to other disclosures. These have been discussed with management who have agreed to the amendments and include:

- Narrative Report: Inconsistencies with other information disclosed in the Statement of Accounts;
- Cash Flow Statement and supporting notes: Incorrect extraction of figures for cash flows;
- Note 1 Accounting Policies: No disclosure of the Council's de minimis level for accounting for PPE;
- Note 6B Segmental Income: Missing reportable segments;
- Note 8 Adjustments Between Accounting Basis and Funding Basis Under Regulations : Incorrect analysis of in-year movements;
- Note 9 Earmarked Reserves : Incorrect disclosure of in-year movements;
- Note 18 Debtors: No disclosure y class of debtor of assets that are either past due or impaired in relation to non-financial assets (eg council tax and non-domestic rate debtors)Note 21 Creditors: Incorrect analysis of year-end balances;
- Note 22 Provisions and Collection Fund Note 4: Incorrect analysis of in-year movements and no disclosure of the expected timing of any resulting outflows of economic benefits in relation to provisions or any indication of the uncertainties about the amount or timing of those outflows and any major assumptions made concerning future events in relation to provisions;
- Note 24 Capital Adjustment Account : Incorrect analysis of in-year movements;
- Note 30 Officers' Remuneration: Incorrect banding of salaries;
- Note 31 External Audit Costs: Incorrect analysis of in-year cost;
- Note 32 Grant Income : Incorrect classification of grant receipts;
- Note 34 Capital Expenditure and Financing: Incorrect analysis of in-year movements;
- Note 35 Leases: Failure to update note with current year figures;
- Note 36 Defined Benefit Pension Schemes: Incorrect disclosure of prior and current year values and no disclosure of the description of any plan amendments, curtailments and settlements;
- Note 39 Nature and Extent of Risks Arising From Financial Instruments: No disclosure, by credit risk rating grades, of the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts; and
- Note 40 Joint Operation: Incorrect extraction of figures for the Council's share of the arrangement.

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Section 07:

Value for Money

7. Value for Money

Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

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

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in January 2023.

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2022. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Council's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in June 2023.



Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

13 March 2023

Dear Sirs

Boston Borough Council - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of Boston Borough Council (the Council) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with applicable law and the Code.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.



Appendix A: Draft management representation letter

I confirm as Deputy Chief Executive Corporate Development and Section 151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions undertaken by the Council have been properly recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.



Appendix A: Draft management representation letter

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Deputy Chief Executive Corporate Development and Section 151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

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



Appendix A: Draft management representation letter

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Covid-19

We confirm that we have carried out an assessment of the on-going impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.



Appendix A: Draft management representation letter

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

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

Narrative report

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

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements identified at the appendix to this letter are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Deputy Chief Executive Corporate Development and Section 151 Officer



Appendix B: Draft audit report

Independent auditor’s report to the members of Boston Borough Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Boston Borough Council (‘the Council’) for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2022 and of the Council’s expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

In auditing the financial statements, we have concluded that the Deputy Chief Executive Corporate Development and 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 Council’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 Deputy Chief Executive Corporate Development and Section 151 Officer with respect to going concern are described in the relevant sections of this report.



Appendix B: Draft audit report

Other information

The Deputy Chief Executive Corporate Development and Section 151 Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. 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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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.

Responsibilities of the Deputy Chief Executive Corporate Development and Section 151 Officer for the financial statements

As explained more fully in the Statement of the Chief Finance Officer’s Responsibilities, the Deputy Chief Executive Corporate Development and Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Deputy Chief Executive Corporate Development and Section 151 Officer is also responsible for such internal control as the Deputy Chief Executive Corporate Development and 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.

The Deputy Chief Executive Corporate Development and Section 151 Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Deputy Chief Executive Corporate Development and Section 151 Officer is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor’s responsibilities for the audit of the financial statements

Our 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.



Appendix B: Draft audit report

We evaluated the Deputy Chief Executive Corporate Development and Section 151 Officer’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit and Governance Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Governance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Deputy Chief Executive Corporate Development and Section 151 Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

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.



Appendix B: Draft audit report

Report on the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.



Appendix B: Draft audit report

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Boston Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack;
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

2 Chamberlain Square
Birmingham
B3 3AX

31 March 2023



Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.



Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. Or detail significant matters identified.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Deputy Chief Executive Corporate Development and Section 151 Officer that Boston Borough Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

Other communication	Response
<p>Subsequent events</p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<p>Matters related to fraud</p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit and Governance Committee, confirming that</p> <ul style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.



Mark Surridge, Director – Public and Social Sector

Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.