



Audit Progress East Lindsey District Council

August 2024

Overview of engagement

We are appointed to perform the external audit of East Lindsey District Council (the Council) for the year to 31 March 2022 and 2023. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), and we summarise the position to date as follows:

Area	Responsibilities	Status: 2021/22	Status: 2022/23
Audit opinion	We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit & Governance Committee, as Those Charged With Governance, of their responsibilities.	Our work is substantially complete, however we are still awaiting a final set of financial statements, with the group accounts and supporting notes, before we are able to issue our audit report. As previously reported, there have been particular delays relating to Invest East Lindsey.	Whilst we have performed the majority of our planning and some early work, the financial statements for 2022/23 have not been prepared and we are unable to proceed with our work. Consequently, the 2022/23 financial statements will fall to the 'backstop' date of 13 December 2024 and we expect to issue a 'disclaimed' opinion. If no financial statements are available, an opinion cannot be issued, in which case the Council will be required to publish an explanation, send a copy to the Secretary of State, and publish audited accounts as soon as practicable.
Value for money	We are responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.	<p>Our work continues and we are considering matters relating to the accounting and governance arrangements of Invest East Lindsey Ltd covering both the 2021/22 and 2022/23 financial years, including, but not limited to</p> <ul style="list-style-type: none"> • The Auditor's Report into the financial statements of Invest East Lindsey, dated 20 December 2022, gave a qualified conclusion on the company's financial statements where "the company has failed to comply with the Companies Act 2006, section 386, within their duty to keep adequate accounting records." We reviewed Invest East Lindsey's financial statements for the year ended 31 March 2023, which were qualified on the same basis as above. • Delays (as above) on the provision of appropriate information to support the production of group accounts. • Internal Audit's findings from July 2022 requiring improvements to be made to the governance of Invest East Lindsey. <p>We are aware a paper is to be presented to the September Committee, which will further inform our considerations over whether there is a significant weakness in the governance arrangements of Invest East Lindsey.</p>	
Wider reporting and electors' rights	<p>We report to the National Audit Office (NAO) on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.</p> <p>The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.</p>	<p>We are unable to report to the NAO until our work on the financial statements is complete.</p> <p>We have received three matters of correspondence:</p> <ul style="list-style-type: none"> • One relating to the Business Improvement District Levy, first notified to the Audit & Governance Committee in January 2023 and concluded in June 2023 and included in our progress report to the November 2023 committee. • One relating to failure to Comply with Complaints Procedure and Freedom of Information Request, first notified to the Committee in March 2023, that was not accepted as an eligible objection. • One relating to Parish Council appointments, which we have not accepted as an eligible objection because it fell outside the 'inspection period'. We have, however, treated this as a matter brought to our attention and made enquiries to Officers and considered whether the matter needs investigation and action or whether it can be considered more effectively within planned work programmes. Any matters to report would be included in our Auditor's Annual Report, due in December 2024. 	

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