



Audit Completion Report

Hartlepool Borough Council – year ended 31 March 2024

25 February 2025

Members of the Audit and Governance Committee

Hartlepool Borough Council

Civic Centre
Victoria Road
Hartlepool
TS24 8AY

25 February 2025

Forvis Mazars

The Corner
Bank Chambers
26 Mosley Street
Newcastle
NE1 1DF

Dear Committee Members,

Audit Completion Report – Year ended 31 March 2024

We are pleased to present our Audit Completion Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 24 September 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report 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 me on 07881 283527.

Yours faithfully

Signed:  _____

James Collins (Feb 17, 2025 13:59 GMT)

James Collins

Forvis Mazars LLP

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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Executive Summary

Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 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;
- The valuation of the defined benefit pension liability / asset; and
- The valuation of land and buildings.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total 4.190m. 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 2024.

We will provide an update to you in relation to the significant matters outstanding 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 have been informed that the Teesside Pension Fund Auditor intends to issue a disclaimed audit opinion for the year ended 31 March 2024. Our audit approach includes consideration of work done at the Pension Fund. Consequently, there will be an impact on our audit opinion for Hartlepool Borough Council. We provide more detail on this in section 4 of this report.



Value for Money

We anticipate having no significant weaknesses in arrangements to report 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. We no such correspondence from electors has been received.

Status of the audit

Status of our audit

Our audit 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 satisfactory resolution of the outstanding matters set out below.

Pensions

Our planned approach includes obtaining confirmations from the Pension Fund auditor. The Pension Fund auditor has communicated that they intend to issue a disclaimer of opinion on the 2023/24 Pension Fund financial statements as they are unable to conclude their work ahead of the 28 February deadline. As a result, we have gaps in our assurance regarding the defined benefit pension asset / liability valuations. This will impact on the audit opinion we issue on Hartlepool Borough Council. We provide further detail on the following page.

Audit Closure Procedures

These are our standard audit closure procedures including: reviewing the final version of the Statement of Accounts, consideration of post balance sheet events and completing our final quality review process.

WGA

We have not completed our work in this area. We are waiting for clarification from the National Audit Office in regard to group audit requirements.

Status

- Likely to result in a material adjustment or a significant change to disclosures in the financial statements.
- Potential to result in a material adjustment or a significant change to disclosures in the financial statements.
- Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.
- Work on value for money arrangements

Audit Approach

Audit approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on September 2024.

Materiality

Our provisional materiality at the planning stage of the audit was set at £6.981m using a benchmark of 2% of gross operating expenditure. There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Use of Experts

Items of account	Management’s expert	Our Expert
Property valuations	Internal valuer from the Council	
Defined benefit pension asset / liability	Actuary – Hymans Robertson	NAO’s Consulting Actuary (PWC)
Financial instruments	Link Asset Services	

Service organisations

At the planning stage we did not identify any service organisations which impact on the production of the financial statements. This remains the case at the completion stage.

Significant findings

Significant findings

Significant findings, including key areas of management judgement

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

- our audit conclusions regarding significant risks 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 significant difficulties we experienced during the audit.

Significant Risks

Management override of controls

Description of the risk

In all entities, 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, we consider there to be a risk of material misstatement due to fraud and thus a significant risk 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
- journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

Audit conclusion

Our audit work has provided the assurance we sought and has not identified any material issues to bring to your attention. There is no indication of management override of controls.

Significant findings

Significant Risks

The Valuation of the Defined Benefit Pension Liability / Asset

Description of the risk

The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.

How we addressed this risk

We addressed this risk through performing the following work:

- We discussed with key contacts any significant changes to the pension estimates. In addition to our standard programme of work in this area, we evaluated the management controls you have in place to assess the reasonableness of the figures provided by the Actuary and consider the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally.
- We reviewed the appropriateness of the key assumptions included within the valuations, compared them to expected ranges and reviewed the methodology applied in the valuation. We considered the adequacy of disclosures in the financial statements.
- We also sought assurance from the auditor of Teesside Pension Fund in accordance with our normal practices

Audit conclusion

As detailed in the previous pages the auditor of the Teesside Pension Fund has communicated their intention to issue a disclaimed opinion for the year ended 31 March 2024. The Pension Fund audit intends to provide detail of work that they have performed on benefits paid and transfer values in and out. We expect to be able to conclude on the material accuracy of the pension liability. Work on asset valuations is unlikely to be completed before the 28 February 2025 backstop date. As a result we are unlikely to have sufficient appropriate audit evidence to conclude our work on the valuation of the defined benefit assets. We will modify our audit opinion for the Council to reflect this. We provide further details on the following pages (page 14).

Significant findings

Significant Risks

The Valuation of land, buildings, housing and investment property

Description of the risk

The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of land, buildings, council housing and investment properties. Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land, buildings and investment properties due to the significant judgements and number of variables involved in providing revaluations.

How we addressed this risk

We addressed this risk through performing the following work:

- We addressed this risk by considering the Council's arrangements for ensuring that land, buildings and investment property values were reasonable.
- We used data on valuation trends and relevant indices to assess the reasonableness of the valuations provided by the Council's valuer. We assessed the competence, skills and experience of the Council's valuer.
- We discussed the methods used with the valuer and substantively tested a sample of the in year valuations. For items tested we agreed to supporting calculation sheets and confirmed that the calculations were materially correct. This includes confirming source data used was consistent with floor plans and indices.

Audit conclusion

Our audit work has provided the assurance we sought and has not identified any material issues to bring to your attention.

Significant findings

Local Government Pension Scheme assets and liabilities

Teesside Pension Fund provides certain information to the scheme actuary which the actuary uses in preparing a report on pension accounting disclosures for the employer bodies (the actuary report) of the Local Government Pension Scheme (LGPS). Hartlepool Borough Council as an employer body relies on the actuary's reports when preparing their financial statements. Our audit approach includes writing to the Pension Fund auditor and requesting the completion of a programme of work at Teesside Pension Fund for the purposes of reporting to us. We consider the findings of the Pension Fund auditor's work in our testing of the LGPS asset and liability valuations.

In February 2025 the Pension Fund auditor communicated their intention to issue a disclaimed audit opinion on the Teesside Pension Fund financial statements for the year ended 31 March 2024. The Pension Fund auditor has communicated that they expect to be able to provide detail of work they have performed on benefits paid and transfer values in and out. With this information we expect to be able to conclude on the material accuracy of the pension liability. Work on asset valuations is unlikely to be completed before the 28 February 2025 backstop date. We are unable to design and perform alternative audit procedures so we expect to have not obtained sufficient appropriate audit evidence on the valuation of the defined benefit assets. This lack of assurance means we will modify our audit opinion for the Council to reflect this. Our draft audit report is in appendix B.

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council in time for the scheduled start of the 2023/24 audit and were of a good quality.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties. We recognise that management have competing demands which means there were some delays in responses to audit queries but we are grateful to management for their co-operation throughout the audit. In July 2024 the Government

announced the 'backstop' dates for publication of accounts. The 'backstop' for 2024/25 is 27 February 2026, 2025/26 is 31 January 2027 and 2026/27 is 30 November 2027. It is therefore important that we continue to work with management to ensure the audit process is completed in a timely and efficient manner.

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 2023/24 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 objections have been raised.

Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of the Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Council's internal controls, we are required to communicate to Those Charged With Governance any significant deficiencies in internal controls that we identified during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Council's internal controls relevant to the preparation of the financial statements 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 the Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which 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 report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies in the Council's internal controls that we have identified as at the date of this report are set

out on the following pages.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of Those Charged With Governance.

We have not identified any significant deficiencies in the Council's internal controls as at the date of this report.

Other observations

We also record our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Our other internal control observations, as at the date of this report, are set out in this section. These have been reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by Those Charged With Governance and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Internal control conclusions

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Our detailed testing highlighted that some elements of the year end residential homes costs are not recorded in the correct period. Based on follow up discussions Management have confirmed that the Council accounts for 13 lots of 4 weekly payments each year, this means that in each period 1 or 2 days are not accounted for.

Potential effects

The omission of 1 or 2 days' costs in each period could lead to inaccuracies in financial statements. This misalignment might distort the actual financial position of the Council. Continuance of this practice may potentially lead to material misstatements.

Recommendation

The Council should account for a full years cost each year, rather than using 13 four-weekly payment runs, which only cover 364 days. Additionally, the Council should ensure that year-end costs are allocated to the correct period.

Management response

The recommendation is accepted and will be rectified in the 2024/25 accounts.

Internal control conclusions

Other deficiencies in internal control (continued)

Description of deficiency

Our work on property valuations highlighted that the Valuation Report reported a valuation date of 1 April 2023. Our review of valuations noted that the accounting treatment aligned with a 31 March 2024 valuation. The valuation indices used in detailed valuations were closer to the 31 March 2024 than 1 April 2023. But the accounting treatment adopted does not align to a 1 April 2023 valuation. For example, the Code requires accumulated depreciation to be written out at the date of valuation, i.e. the 1 April 2023. However, the Council have written out depreciation as at 31 March 2024 valuation. The difference in asset values if the valuation was accounted for at 1 April 2023 would be a reduction in asset value of £1.502 million. As noted we do not believe this treatment to result in a material misstatement given the carrying amount of the asset at the 31 March 2024 is based on valuation data nearer the 31 March 2024 than 1 April 2023.

Potential effects

The misalignment between the valuation date and the accounting treatment could lead to inaccuracies in financial reporting. Incorrectly writing out depreciation for the period ending 31 March 2024, may result in overstated asset values and misstated depreciation expenses, impacting the carrying value of assets.

Recommendation

We recommend management revisit valuation dates and ensure that any corresponding accounting treatments are consistently aligned.

Management response

Our Valuer has confirmed that it is good valuation practice to use the most up to date indices at the time of carrying out the valuation. As most valuations are carried out in February the valuation date will be amended to 31 March in line with the accounting treatment.

Internal control conclusions

Other recommendations on internal control

In our view, internal control should be strengthened in these additional areas when practicable.

Description of deficiency

Valuations - Issues Identified with the valuer's report

As part of the valuations work we noted a number of issues in relation to the initial valuations report provided.

- The initial valuation report did not reference Housing Revenue Asset (HRA) properties. An updated report was subsequently provided.
- Our audit procedures required a reconciliation between the Valuers report and the relevant asset register values, however the report only included the movement in value since the previous valuation therefore meaning a reconciliation was not initially possible. We further note that any assets that had not moved in value were not listed in the valuers report. The valuer subsequently provided an updated report which included this information and a reconciliation was possible.
- The valuation report did not disaggregate valuations by asset type or valuation method.

Potential effects

- The initial omission of HRA properties from the valuation report can lead to incomplete financial reporting and misrepresentation of the Council's asset valuations.
- Without displaying the specific values calculated a reconciliation between the valuer report and asset register is not possible. Without this valuation there is a risk that discrepancies are not identified leading to errors in the valuations uploaded to the asset register.
- The failure to differentiate valuations by asset type or valuation method, such as Depreciated Replacement Cost (DRC) or Existing Use Value (EUV) makes consideration of the appropriateness of valuations more difficult.

Recommendation

- Valuation report should include HRA properties.
- The valuation report should consistently include the value of all assets valued, where asset values have not moved the valuation report should also include these assets.
- Future valuation reports should differentiate valuations by asset type (e.g. investments, surplus) and valuation method, such as Depreciated Replacement Cost (DRC) or Existing Use Value (EUV).

Management response

As noted above an updated report was produced during the audit to include HRA properties and the revaluation amount instead of the change in valuation. However, it is not felt that differentiating by asset type will be beneficial as individual valuation reports are analysed by component type, checked for valuation method before entering onto the Councils Asset Register. This is carried out before the Valuers Report is ready.

Internal control conclusions

Other recommendations on internal control

In our view, internal control should be strengthened in these additional areas when practicable.

Description of deficiency

Beacon properties are an important method of valuing HRA assets. The documentation available did not explain how each beacon value was determined and did not include three specific comparable properties (as required by guidance) with any adjustments or explanations for those adjustments.

Potential effects

The absence of detailed explanations and specific comparable properties can lead to a lack of transparency in the valuation process, making it difficult for management to assess the valuation provided.

Recommendation

Future valuation reports should include detailed explanations of how each beacon value is derived. This should include detail of three direct comparable properties for each beacon. The report should also clearly document any adjustments made to these comparable properties.

Management response

Our Valuer accepts the recommendation and will incorporate into the 2024/25 HRA valuations, albeit with the caveat it is not always possible to evidence 3 direct comparables and that sometimes a reduced number or the net has to be wider than so called 'direct' comparables.

Internal control conclusions

Other recommendations on internal control

In our view, internal control should be strengthened in these additional areas when practicable.

Description of deficiency

During the Council Tax and NNDR walkthroughs, we observed that when parameters are updated in the system at the start of the financial year there was no formal review to ensure the new parameter had been correctly input.

Potential effects

Without verification, there is a risk that incorrect parameters are used, leading to inaccurate Council Tax and NNDR calculations.

Recommendation

Parameter updates are subject to review to verify their accuracy. This review should be documented.

Management response

It was explained at audit that the parameters are reviewed when they are updated but are not formally signed off. At least 2 colleagues update and review with a further final check before the data is confirmed. Agree to introduce a formal sign off for 2025/26.

Internal control conclusions

Other recommendations on internal control

In our view, internal control should be strengthened in these additional areas when practicable.

Description of deficiency

The Council revalued their heritage assets as at 31 March 2024. This was the first time since 2018. During our review of the revalued assets we identified several assets which were present on the 2024 insurance valuation schedule which had been historically owned by the Council but had not been recognised within the heritage assets balance. These omissions were not material and have now been recognised.

Potential effects

The omission of heritage assets from the accounts disclosure could lead to a material misstatement. Failure to recognise and account for all heritage assets can impact the Council's asset management practices, including maintenance, preservation, and insurance coverage.

Recommendation

We recommend the Council complete a review at year end of all Heritage assets recognised against additions in year to ensure the balance at year end is materially complete.

Management response

A reconciliation of all assets per the 2004, 2011, 2018 and 2024 valuation schedules has been carried out. The Council has commissioned the external valuer to revalue all assets not revalued as part of the 2024 asset revaluation.

Internal control conclusions

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

Management were not able to provide signed employment contracts for four of the fifteen employees in our sample. While we were able to obtain alternative assurance over the accuracy of the individuals paid we identify the lack of contract records as a control weakness.

Potential effects

The lack of employee contract records could expose the Council to employee risk. re is a risk that the Council will encounter more employment disputes and greater difficulty resolving them without employment tribunals if a signed employment contract is not available.

Recommendation

The Council should ensure that during 2024/25 it identifies all employees without a signed employment contract and prepares a plan for preparing, issuing and signing new contracts confirming the applicable terms and conditions for these employees. In future, a signed employment contract should be retained for every employee.

Current position

Based on the testing conducted this year, no further issues were identified.

Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £0.209m.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Adult & Community Services Expenditure (prior years)	2,752			
Dr: Children & Joint Commissioning Services Expenditure (prior years)	86			
Dr: Adult & Community Services Expenditure 23-24	719			
Dr Children & Joint Commissioning Services Expenditure 23-24	34			
Cr: Creditors				(1,417)
Cr: Payments in advance				(2,174)
Our audit work identified a historic issue in relation to the accounting for external care costs. In 2023/24 there was a net undercharge of £0.753m. Further investigation revealed a cumulative undercharge to income and expenditure of £3.591m due to the policy adopted by the Council to only recognise in its accounts 364 days (13 x 4 weekly payments/collections). We note that this cumulative undercharge is not material in previous years.				
The proposed adjustment reflects the residential homes, non-residential, and other expenditures, as well as client contributions, for the period from 26 February to 31 March 2024, which have been accounted for in the 2024/25 fiscal year. Additionally, we note that payments are made every four weeks, resulting in the Council accounting for only 364 days of charges per annum. Consequently, there is a cumulative effect of 35 days of expenditure not included in the accounts.				

Summary of misstatements

Unadjusted misstatements (Continued)

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Property Plant & Equipment Cr: Revaluation Reserve Being the minor errors highlighted in our testing of Depreciated Replacement Cost valuations. (£0.197m actual error and £0.030m extrapolated error).			227	(227)
Dr: Debtors 23-24 Cr: Income 23-24 Cut-off testing highlighted income received in April '24 relating to March '24 which had not been accrued, due to the income being accounted for on a cash, rather than an accruals basis. (£0.044m actual which extrapolates to a potential £0.283m error.		(372)	372	
Aggregate effect of unadjusted misstatements	3,591	(372)	599	(3,818)

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

Summary of misstatements

Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe Those Charged With Governance should be made aware of.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Other Comprehensive Income	131,361			
Cr: Movement in Reserves Statement				(131,361)
Dr: Pension Reserve			131,362	
Cr: Pension Asset				(131,362)
Pensions adjustment: Being the impact of applying the asset ceiling to the pension asset, therefore restricting the pension asset to nil.				
Dr: Assets			1,036	
Cr: Revaluation Reserve				(1,036)
Heritage Assets adjustment: Being the impact of the revaluation of heritage assets performed for the period ending 31 March 2024.				
Dr: Current Liabilities (Short term capital grants received in advance as at 31 March 2023)			14,441	
Cr: Non-current Liabilities (Long term capital grants received in advance as at 31 March 2023)				(7,743)
Cr: Reserves (Capital grants unapplied as at 31 March 2023)				(6,698)
Capital grants: Being the prior period adjustment required for reclassification of balances that were classified as short term capital grants received in advance as at 31.3.23				
Aggregate effect of adjusted misstatements	131,361	0	146,839	(278,200)

Summary of misstatements

Disclosure misstatements

During our review of the financial statements, we have identified amendments that were required to disclosures. The Council has made these amendments, the most significant of which were:

- Note 3 (Assumptions About the Future and Other Major Sources of Estimation Uncertainty) Change in pension liability due to financial assumptions is £28.242m per actuary report and £26.242m per note 3. Difference of £2m. We note that the disclosure is correct as per note 45 therefore only note 3 needs to be amended.
- Note 7B (Expenditure and Income Analysed by Nature) Testing highlighted that Support Services Recharges should net to nil. The intention of ledger codes is to remove internal recharges and strip out any double counting of income and expenditure. This is not the case, with a balance of £9.226m remaining. These costs should be reflected in 'Other Services Expenses'. We note that there is no impact on the CIES, rather its is a disclosure error in Note 7B.
- Prior year adjustment for the reclassification of balances that were classified as short term capital grants received in advance as at 31.3.23 requires a note to be added providing narrative of the prior period adjustment in line with section 3.3.4.5 of the CIPFA code.
- Prior year Comprehensive Income and Expenditure Statement and the Balance Sheet had been restated. As such a narrative statement is required providing an explanation of the restatement.
- Note 13 (Termination Costs) it was noted that there was 1 redundancy incorrectly included within the 80k to 100k banding and needed to be adjusted to the £60k to £80k banding.
- Note 22 (Short Term Creditors) As per section 5.2.4.2 of the CIPFA code, we note that the council tax and NNDR impairments should be disclosed as total impairments is material at £9m.
- Note 31 (Related Party Transactions) there was no prior year comparator for cyclical maintenance and construction services for Middlesbrough.
- Note 31 (Related Party Transactions) there was no commentary on Teesside Airport outturn or net asset/ liability position.
- Note 33 (Dedicated Schools Grant) we agreed the initial budget distribution 2023/24 adds to £42.817m (stated as £42.818m); the in year carry forward stated as (£2.323m), lines above add to (£2.324m); and the carry forward agreed in advance of £0.734m should also appear in one of the preceding columns to balance the carry forward to 2024/25 line.
- Note 36: (Capital Expenditure and Financing) management identified that there was difference of £0.874m on the CFR due to the termination of finance lease liabilities not being reflected.
- HRA Note 2 minor amendments to the 22/23 figures for 'Adaptations' in 'Major Repairs Reserve'. We note that £0.064m Health Grant is now included in Major Repairs Reserve.
- Note 29 (Grant Income & Taxation) disclosure error in relation to Capital Grants Received in Advance (long term). Devolved formula capital grants should be only £0.101m with the remaining balance being allocated to Other DfE grants. This does not change the overall total in the note rather it is a reallocation of balances between note lines.
- Note 45 (Defined Benefit Pension Schemes) the actuary has considered the impact of the Virgin Media pensions case. Disclosure was updated to reflect this case.
- Note 46 (Contingent Liabilities) note was updated to correct terminology.
- Accounting policies 1 (General Principles) the policy on accruals should be amended to reflect that 4 quarterly payments for energy costs are included in the CIES, not necessarily being for the financial year.
- Accounting policies 8 (Events After the Balance Sheet Date) the narrative include the wording "Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts unless it related to conditions or events that were in existence at the balance sheet date." This was incorrect and contradicted the previous narrative: "Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue."

Minor presentational points were also made to the accounts

07

Value for Money

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; and
- **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 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 by the end of February 2025.

Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix B confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in February 2025.

Value for Money

Risks of significant weaknesses in arrangements

In our Audit Strategy Memorandum we reported that although we had not fully completed our planning and risk assessment work, we had not identified any risks of significant weaknesses in arrangements in our planning work to date. This included meetings with senior management, a review of the latest Medium Term Financial Strategy and a review of the savings plan for 2024/25. Having completed the planning work we have not identified any risk of significant weaknesses in arrangements.

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

Appendix A: Draft management representation letter

To be provided to us on client headed note paper

[Date]

Dear James,

Hartlepool Borough Council - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of **Hartlepool Borough Council** ("the Council") for the year ended 31 March 2024 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 2023/24 (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 the Code, as amended by the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am 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.

I confirm as Director of Finance, IT and Digital (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.

Appendix A: Draft management representation letter (Continued)

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been 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 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 the methods, significant assumptions and the data used by the in making the accounting estimates, including those measured at current or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

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.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the 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, as amended by the Code and applicable law.

Appendix A: Draft management representation letter (Continued)

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 Director of Finance, IT and Digital (Section 151 Officer) for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

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 or Authority 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.

Related party transactions

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

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

Appendix A: Draft management representation letter (Continued)

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

The Council has no 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, as amended by 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

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note to the financial statements fairly reflects that assessment.

Historic shortfall in Social Residential Care Expenditure

Following the identification of the historic residential payment error I confirm that I am not aware of any further errors in accruals that have any cumulative impact on the Councils on-going financial resilience or MTFS.

Appendix A: Draft management representation letter (Continued)

Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note to the financial statements fairly reflects that assessment.

Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report 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. [TAILOR AS APPROPRIATE]

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the 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

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix. **Please attach an Appendix of any unadjusted misstatements to this letter.**

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Director of Finance, IT and Digital (Section 151 Officer)

Appendix B: Draft audit report

Note: This section serves as an illustrative example of the potential audit report.

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Hartlepool Borough Council (“the Council”) for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund and notes to the financial statements, including material accounting policy information. 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2024 and of its 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 2023/24.

Basis for Qualified Opinion

The Council’s status as an admitted body to the Teesside Pension Fund is described in note 45. The net defined benefit asset as at 31 March 2024 is £123.590m which comprises £625.974m of gross assets and £502.384m of gross liabilities and £131.361m effect of the asset ceiling] as disclosed in note 45.

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 (‘The Amendment Regulations’) came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor’s opinion for the year ended 31 March 2024, by 28 February 2025 (‘the backstop date’).

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence over the following material elements of the financial statements:

- the value of scheme assets as at 31 March 2024 (£625.974m) as disclosed in notes 45; and
- the return on plan assets for the year ended 31 March 2024 (£32.275m) as disclosed in note 45.

As a consequence, we were unable to determine whether any adjustments to the following amounts were necessary:

- the gross assets included in the net defined benefit asset; and
- the return on plan assets, and the consequential effects on the remeasurements of the net defined benefit asset included in other comprehensive income and expenditure and the pension reserve.

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.

Appendix B: Draft audit report

Note: This section serves as an illustrative example of the potential audit report.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance, IT and Digital’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, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, 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 Director of Finance, IT and Digital 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 Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Director of Finance, IT and Digital, 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.

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 Director of Finance, IT and Digital for the financial statements

As explained more fully in the Statement Responsibilities for the Statement of Accounts, the Director of Finance, IT and Digital 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 2023/24, and for being satisfied that they give a true and fair view. The Director of Finance, IT and Digital is also responsible for such internal control as the Director of Finance, IT and Digital determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance, IT and Digital is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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 Director of Finance, IT and Digital 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.

Appendix B: Draft audit report (Continued)

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.

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

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, the Local Government and Housing Act 1989, the Local Audit and Accountability Act 2014, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit and Governance Committee, as to whether the Council is in compliance with laws and regulations, and discussing their 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.

We evaluated the Director of Finance, IT and Digital 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 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.

Appendix B: Draft audit report (Continued)

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 Director of Finance, IT and Digital 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 statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

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 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 2024.

We have nothing to report in this respect.

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 November 2024.

Appendix B: Draft audit report (Continued)

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 Hartlepool 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; and

[Signature]

James Collins, Director
For and on behalf of Forvis Mazars LLP

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

Date: to be confirmed

Appendix C: Confirmation of our 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.</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 Director of Finance, IT and Digital that Hartlepool 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>

Appendix D: Other communications

Other communication	Response
Subsequent events	<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>
Matters related to fraud	<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 Council 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.

Contact

Forvis Mazars

James Collins

Director

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