



AUDIT & REGULATORY COMMITTEE AGENDA

Date: Tuesday, 24 November 2020

Time: 6.30 pm

Venue: Virtual Meeting

You can view the agenda online by using a smart phone camera and scanning the code below:



Please find below an additional report which was unavailable when the agenda was published.

4. Audit Findings Report - External Audit (Decision Required) (**Pages 3 - 30**)

MARK TRILLO
EXECUTIVE DIRECTOR & MONITORING OFFICER

This page is intentionally left blank

DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report. This draft has been created from the template dated DD MMM YYYY



The Audit Findings for High Peak Borough Council

Year ended 31 March 2020
24 November 2020

Page 3



Contents



Your key Grant Thornton team members are:

Page 4

Michael Green
Key Audit Partner

T: 0161 953 6382
E: michael.green@uk.gt.com

Avtar Sohal
Director

T: 0121 232 5420
E: avtar.s.sohal@uk.gt.com

Lisa Morrey
In-Charge

T: 0121 232 5302
E: lisa.morrey@uk.gt.com

Section	Page
1. Headlines	3
2. Financial statements	5
3. Value for money	16
4. Independence and ethics	18
Appendices	
A. Follow up of prior year recommendations	21
B. Audit adjustments	22
C. Fees	23
D. Audit Opinion	24

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

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Headlines

This table summarises the key findings and other matters arising from the statutory audit of High Peak Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2020 for those charged with governance.

Covid-19	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council . The Council has implemented government guidance and had to look at alternate ways in it which delivers services with many of the workforce working remotely from the Council Offices for the foreseeable future.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the CIPFA Code of Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p>	<p>We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 29 April 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 6.</p> <p>The Council were able to produce a first draft of the financial statements in July 2020, which was in line with revised government guidance given the impact of Covid-19.</p> <p>Restrictions for non-essential travel has meant both Council and audit staff have had to carry out the financial statements away from the Council offices. This has changed the way in which the audit team have accessed the financial systems, interacted with the Council staff via virtual calls and use of remote file sharing software to share information, including increased testing on information provided by the entity.</p>
Financial Statements Page 5	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed remotely during July to November. We have identified no material adjustments to the financial statements. We have noted some presentation and disclosure audit adjustments detailed in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix A.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;</p> <ul style="list-style-type: none"> • completion of debtors and creditors testing; • completion of audit procedures in respect of the collection fund; • completion of audit procedures in respect of the housing revenue account; • completion of audit procedures in respect of property plant and equipment; • completion of audit procedures in respect of the net pension fund liability; • completion of post balance sheet events review; • receipt of management representation letter; and • review of the final set of financial statements. <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.</p> <p>Our anticipated audit report opinion will be unqualified including Emphasis of Matter paragraphs highlighting the valuation uncertainty of property and to reflect the material uncertainty around the valuation of property in the financial statements of the Local Government Pension Fund, both as a result of Covid-19.</p>

Headlines

Value for Money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').

We have completed our risk based review of the Council's value for money arrangements. We have concluded that High Peak Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We therefore anticipate issuing an value for money conclusion. Our findings are summarised on pages 15 to 16.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- To certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Page 6

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Audit approach

Overview of the scope of our audit

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

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

Audit approach

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

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

We have had to alter our audit plan, as communicated to you on 29 April 2020, to reflect our response to the Covid-19 pandemic, which included specific procedures on Covid-19 in relation to the preparation of financial statements for 2019/20 and the inclusion of value for money risks.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Regulatory Committee meeting on 24 November 2020. These outstanding items are detailed in the headline section of the report.

Our approach to materiality

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

Materiality levels have been reassessed on receipt of the draft financial statements for the year ending 31 March 2020. See table below.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	944,000	2% of Gross expenditure
Performance materiality	708,000	75% of materiality
Trivial matters	47,234	5 % of materiality
Materiality for Senior Officer Remuneration	100,000	We have calculated a specific materiality for Senior Officer Remuneration as this is seen as a particular sensitive area of the financial statements

Significant audit risks

Risks identified in our Audit Plan

Covid- 19

Auditor commentary

We:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided in July 2020;
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Councils' property valuation expert
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
- evaluated whether sufficient audit evidence could be obtained through remote technology;
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations ;
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment;
- discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.

We are satisfied for the year ending 31 March 2020 the Council have worked effectively to respond to the challenges brought by Covid-19 and were able to produce financial statements in line with revised deadlines and take into account the impact of Covid-19 on their operations and their finances.

The Council has appropriately disclosed the material uncertainties relating to the valuation of both its own land and buildings and property investments of the Local Government Pension Fund. Our audit report will refer to these disclosures as an emphasis of matter.

Improper revenue recognition

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA240 and the nature of revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including High Peak Borough Council, mean that all forms of fraud are seen as unacceptable.

Therefore and as reported in our Audit Plan, we do not consider this to be a significant risk. Whilst not a significant risk, we have performed audit procedures and testing of material revenue items. Our work did not identify any matters that would lead to a change in our risk assessment.

Significant audit risks

Risks identified in our Audit Plan

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

Valuation of land and buildings

The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (GBV £220m) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Auditor commentary

We have:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined criteria to test high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our audit work has not identified any issues in respect of management override of controls.

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- corresponded with the valuer to confirm the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- tested revaluations made during the year to see if they had been input correctly into the Council asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

See page 11 for significant findings on key estimates and judgements. As reported on page 11 we will include an emphasis of matter in our audit opinion as a result of the material uncertainty reported in Capita's valuation report as at 31 March 2020.

Based on audit procedures completed to date to review and test the valuation of land and buildings and Council dwellings, we have not identified any material errors or issues.

Significant audit risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£33.4 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Auditor commentary

We have;

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures suggested within the report; and
- obtained assurances from the auditor of Derbyshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

See page 12 for significant findings on key estimates and judgements. As reported on page 12 there is a material uncertainty disclosed within the financial statements of the pension fund in relation to the valuation of direct property holdings. Given the Councils share of these assets is material, we will refer to this as an emphasis of matter within our audit opinion for the Council.

The Authority revised their financial statements based on revised actuarial assessment based on the McCloud consultation which took place after the year ending 31 March 2020 and per IAS 10 treated as an adjusting event. The changes made to the authorities financial statements did not have a material impact on the authorities financial position.

Significant findings – other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Commentary	Auditor view
IFRS 16 implementation has been delayed by one year	Although the implementation of IFRS 16 has been delayed to 1 April 2021, audited bodies still need to include disclosure in their 2019/2020 statements to comply with the requirement of IAS 8 para 31	We are satisfied that Council has included the requirements we would expect to disclose including the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Provisions for NNDR appeals - £1.7m	The Council are responsible for repaying a proportion of successful rateable value appeals. Management calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates. Due to a reduction in outstanding appeals, the provision has increased by £0.2m in 2019/20.	<p>A Provision is made based on the best estimate of the potential liability arising from future backdated changes to the NNDR rating list, including appeals against rateable values lodged with the Valuation Office Agency.</p> <p>We are satisfied that the provision is calculated in line with information provided by the Valuation Office Agency.</p> <p>We are satisfied that the provision calculation is reasonable and free from material misstatement.</p>	
Land and Buildings – Council Housing - £174m	The Council owns 3,913 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged Urban Vision Partnership Limited to complete the valuation of these properties. The year end valuation of Council Housing was £174m, a net increase £2m from 2018/19 (£172m).	<ul style="list-style-type: none"> • Capita were instructed by the Council to undertake a desktop revaluation review of all the housing stock for HRA purposes as at 31 March 2020. • The valuations have been undertaken by appropriately qualified registered valuers in accordance with the RICS Valuer Registration Scheme • The desktop review has been undertaken in accordance with the Communities and Local Government: Stock Valuation for Resource Accounting: Guidance to Valuers 2016 which came into effect in April 2016 and the RICS Valuation Standards • The basis of valuation for the operation residential housing property is Existing Use Vale – Social Housing <p>The valuation report issued by Capita included a material uncertainty in respect of valuation of land and buildings due to the impact of Covid-19 as directed by VPS 3 and VPGA 10 of the RICS Red Book Global and this is acknowledged in the financial statements. We are satisfied that this is in line with our expectations, and as discussed with management this will lead to an emphasis of matter in the audit opinion.</p> <p>We are currently completing our audit testing in this area and will update our progress at the Audit and Regulatory Committee</p>	

Assessment

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

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Land and Buildings – Other - £46m	<p>Other land and buildings comprises £36m of specialised assets such as libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings £10m are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Capita to complete the valuation of properties as at 31 March 2020 on a five yearly cyclical basis. 90% of total assets were revalued during 2019/20.</p>	<p>Management have engaged Capita as their valuation expert whom have undertaken valuations as at 31 March 2020. We have reviewed the assumptions and valuations carried out by Capita and are satisfied that they are free from material misstatement. We are satisfied that the data provided by the Council to Capita to undertake the valuations was completed and accurate as compared to the Councils property records.</p> <p>The external valuation being applied by Capita using Modern Equivalent Asset principles to the process of DRC valuations; has contributed to an in year reduction in the value of land and buildings. The authority considers this is a reasonable approach as it acknowledges that the valuation of an asset should not only reflect its form and function but also its location. We are satisfied the approach taken by the valuer is in line with CIPFA and RICS guidance.</p> <p>We have compared the valuations as at 31 March 2020 to market trend reports as provided by Gerald Eve, and have carried out detailed testing on those assets where asset movement was not in line with these reports. We have gained assurance through review of valuations that these asset valuations are free from material misstatement.</p> <p>The Council have also undertaken a review of those assets not valued as at 31 March 2020, to confirm whether there could have been material movement since they were last valued and concluded that there were no indicators of material movement. We have reviewed the calculation and underlying methodology and are satisfied that the conclusions drawn by the Council are reasonable, and therefore asset valuation of non valued assets as at 31 March 2020 are not materially misstated.</p> <p>As noted in Appendix B, we noted an error in the Valuation of Buxton Opera House where inputs in the valuation model were incorrectly applied by Capita. This has resulted in the valuation being overstated by £504,057, and therefore the valuation of other land and buildings is overstated. We are satisfied that this is an isolated error from further work carried out. The Council have not adjusted for this error as it is below performance materiality. We are satisfied with the Councils judgement, however, will include this error in our letter of representation for unadjusted errors.</p> <p>The valuation report issued by Capita included a material uncertainty in respect of valuation of land and buildings due to the impact of Covid-19 as directed by VPS 3 and VPGA 10 of the RICS Red Book Global and this is acknowledged in the financial statements. We are satisfied that this is in line with our expectations, and as discussed with management this will lead to an emphasis of matter in the audit opinion.</p>	<p></p>
	<p>In line with RICS guidance, the Council's valuer disclosed a material uncertainty in the valuation of the Council's land and buildings at 31 March 2020 as a result of Covid-19. The Council has included disclosures on this issue in the financial statements in the narrative report</p>		
	<p>The valuation of properties valued by the valuer has resulted in a net decrease of £2.5m. Management have considered the year end value of non-valued properties to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has identified no material change to the properties value.</p>		
		<p>We are currently completing our audit testing in this area and will update our progress at the Audit and Regulatory Committee</p>	

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy																									
Net pension liability – £33.4m	<p>The Council's net pension liability at 31 March 2020 is £33.4m (PY £51m) comprising the Derbyshire Pension Fund Local Government Pension Scheme. The Council uses Hymans Robertson LLP to provide actuarial valuations of the Council's assets and liabilities derived from this scheme/. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in March 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy ,discount rates ,salary growth and investment return .Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>Hymans Robertson, an external actuary firm, provide actuarial advice to the Council via the Derbyshire Pension Fund. As such, this involves providing the Council with an actuarial valuation of the pension expense calculations. The scope of the work is to undertake pension expense calculations, as instructed by the Administering Authority, for the Council, for the purposes of complying with IAS 19 (Employee Benefits) for the accounting period. Assessment of management's expert</p> <p>PwC are employed by the NAO on behalf of external audit suppliers to local government to provide support to auditors when assessing the competence and objectivity of actuaries producing IAS 19 figures in respect of the Local Government Pension Scheme (LGPS). Hymans Robertson have carried out a roll forward approach from previous actuarial valuation to allocate assets and liabilities between employers at triennial valuation.</p> <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.3%</td> <td>2.3%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>1.9%</td> <td>1.8% - 2.0%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>2.6%</td> <td>3 %- 4%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>22.1</td> <td>21.6 - 23.3</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>25.1</td> <td>24.6 - 26.3</td> <td>●</td> </tr> </tbody> </table>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.3%	2.3%	●	Pension increase rate	1.9%	1.8% - 2.0%	●	Salary growth	2.6%	3 %- 4%	●	Life expectancy – Males currently aged 45 / 65	22.1	21.6 - 23.3	●	Life expectancy – Females currently aged 45 / 65	25.1	24.6 - 26.3	●
Assumption	Actuary Value	PwC range	Assessment																							
Discount rate	2.3%	2.3%	●																							
Pension increase rate	1.9%	1.8% - 2.0%	●																							
Salary growth	2.6%	3 %- 4%	●																							
Life expectancy – Males currently aged 45 / 65	22.1	21.6 - 23.3	●																							
Life expectancy – Females currently aged 45 / 65	25.1	24.6 - 26.3	●																							

Page 14

Although the Councils salary growth as calculated by the actuary falls outside of PWCs range we are satisfied that this is reflective of the Councils workforce and operations.

The auditor of Derbyshire pension fund has provided us with IAS 19 assurance letters which reports that there is a material uncertainty in relation to the valuation of directly held property held in the pension fund, due to the impact of Covid-19 as directed by VPS 3 and VPGA 10 of the RICS Red Book Global. The Council have updated statement of accounting policy 5 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty of their financial statements to acknowledge this. Given the Councils share of assets in the pension fund is material we will include an emphasis of matter in our audit opinion.

Our analytical procedures over the actual return on net assets noted a difference between our predicted return on assets and the amounts reported in the IAS 19 reports. The Council have discussed the difference with the actuary, who have explained the difference is due to the triennial valuation as at the 31 March 2019 which re-set the asset base compared to the 2018-19 IAS 19 asset valuation which we have used in the prediction. The difference is reflected in the experienced items shown in the financial statements. **We are currently completing our audit testing in this area and will update our progress at the Audit and Regulatory Committee.**

Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

Management have carried out a written assessment which confirms:

- The Council have taken into account the impact of Covid-19 and other events in their assessment of Going Concern are satisfied that there is no material uncertainty to cast significant doubt on the Council's ability to continue as a going concern. This extends but is not limited to at least twelve months from the Balance Sheet date.
- The Council have a firmly embedded financial planning process which includes a rolling four year medium term financial plan, which is updated twice per year. The Council have assessed the impact of Covid -9 in their plans.
- Their assessment carried out in regards to estimations of budgets and the adequacy of reserves and therefore monitor any risks over going concern.

Auditor commentary

CIPFA Code of Practice 2019/20 Code para 3.4.2.23 states "Local authorities that can only be discontinued under statutory prescription shall prepare their financial statements on a going concern basis of accounting; that is, the financial statements shall be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future".

The presumption in local government is that the going concern assumption does apply unless there is specific evidence to the contrary from factors such as:

- announcement to wind up the authority
- failure to set a balanced budget
- external assessment concludes unsustainable
- financial plans show unable to meet obligations for foreseeable future
- significant doubts over forward financial planning arrangements.

The impact of the Covid-19 pandemic for the year ending 31 March 2020 has had a modest impact on the Councils operations both in terms of expenditure and income and its overall finances and the Council have generated an in-year surplus and a contribution to its reserves. However, as noted by the Council the impact of Covid-19 will have a significant impact on the Councils finances in the forthcoming year, and the Council is already planning to use some of its reserve position to ensure services are delivered.

Management's assessment has considered these areas and concluded that there is no material uncertainty in respect of going concern. The councils medium term plan demonstrates that savings are required over the period of the medium-term financial plan, however, they have an efficiency and rationalisation programme to meet these challenges and are implementing this in the medium term.

As such we consider that the assessment undertaken by the Council on going concern is a reasonable and valid one and there are no indications of material uncertainty.

Work performed

Detail audit work performed on management's assessment

Auditor commentary

- Our audit did not identify any events or conditions which may cast significant doubt on going concern assumption.
- We have reviewed the estimates and assumptions made in the medium term financial plan and have deemed these to be reasonable and in line with the environment the Council work in. The Council have built in the impact of Covid-19 into their planning

Concluding comments

Auditor commentary

- We are satisfied that there is no material uncertainty in the operations of the Council which would effect their ability to operate as a going concern.

Other communication requirements

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

	Issue	Commentary
1	Matters in relation to fraud	<ul style="list-style-type: none"> We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures
2	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Council and we have asked for a specific representation for the uncorrected error noted in Appendix B.
5	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send requests to confirm year end bank and investment balances. This permission was granted and the requests were sent, and all received to confirm year end balances.
6	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements
7	Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> All supporting documentation was provided to the audit team to support their conclusions.

Page 16

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified/Inconsistencies have been identified but have been adequately rectified by management. We plan to issue an unmodified opinion in this respect – refer to appendix D</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception;</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. We have nothing to report on these matters.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2019/20 audit of High Peak Borough Council in the audit report, as detailed in Appendix D.</p>

DRAFT

Value for Money

Background to our VFM approach

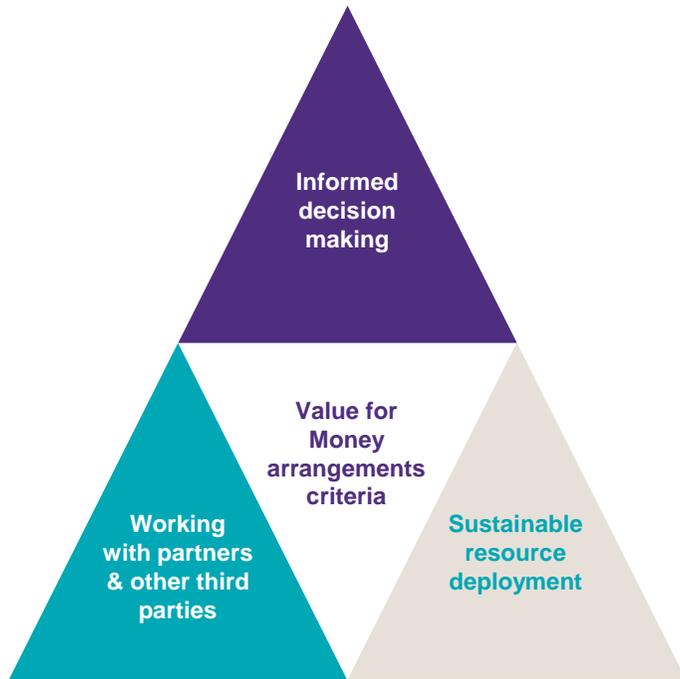
We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:

Page 18



Risk assessment

We carried out an updated risk assessment in April 2020 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our audit plan addendum date 29 April 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The arrangements the council has to manage the financial impact of Covid-19
- The arrangements the council has put in place to deal with the senior management changes

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on page 17.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Covid-19 Financial Sustainability</p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented.</p>	<p>The financial outturn of the Council for the year ending 31 March 2020 was not significantly impacted by Covid-19.</p> <p>The impact of Covid-19 is having an impact on the financial performance for the Council in 2020/21. The Council are reorganizing their financial plans to react to this and to ensure that they have sufficient financial reserves in the future. The Covid-19 funding provided by the government is supporting the Council deal with the pandemic, and has helped them maintain control over their finances.</p> <p>Whilst the Council appears to be in a position to offset the majority of the impact of Covid-19 on the 2020/21 budget via Government funding and use of reserves, there is concern about the longer-term financial impact this will have on the delivery of corporate plan objectives.</p> <p>The Council have put in place specific arrangements to monitor the impact of Covid-19 on their finances and has earmarked specific reserves to support the financial impact.</p>	<p>We are satisfied that the impact of Covid-19 did not have any significant impact on the Councils financial performance for the year ending 31 March 2020.</p> <p>The Council have received funding from the government to help deal with the financial impact of Covid-19 and has also put in specific arrangements to monitor and manage the impact of Covid-19, including specific reserve funding.</p> <p>We are satisfied that the Council has proper arrangements in place to manage the impact of Covid-19 and we have not identified any material weaknesses.</p>
<p>Senior Management Changes</p> <p>In March 2020 both the Chief Executive and Assistant Chief Executive of the Council resigned. This has resulted in existing Directors and Managers within the organisation having to “step up” to fill the void and had had an impact on governance arrangements within the operations of the Council</p>	<p>The Council have reacted quickly to the departures of the senior management team and have put in place arrangements to cover the departures at an interim and then permanent solution which has meant that the departures did not have significant impact on the operations of the Council</p> <p>Internal audit have carried out a review on corporate governance and have not identified any significant weaknesses.</p>	<p>We are satisfied that the Council had appropriate arrangements in place to oversee the operations and management of the Council following the departures of the Chief Executive and Assistant Chief Executive and have reacted appropriately with interim and subsequent permanent appoints.</p> <p>From the work carried out on Internal audit on corporate governance we have not noted any significant weaknesses in arrangements.</p>

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

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

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

Details of fees charged are detailed in Appendix C.

Independence and ethics

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified.

	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing capital receipts grant	3,400	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £3,400 in comparison to the total fee for the audit of £43,650 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Housing Benefit Claim	11,050	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £11,050 in comparison to the total fee for the audit of £43,650 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Independence and ethics

Audit and Non-audit services

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

	Fees £	Threats identified	Safeguards
Non-audit related			
CFO Insights	5,625	The fee is a recurring subscription and, therefore, there is a self-interest threat. The tool provides information that will help inform decision making by informed management. The scope of our service does not include making decisions on behalf of management or recommending a particular course of action.	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,625 in comparison to the total fee for the audit of £43,650 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Place Analytics	5,625	The fee is a recurring subscription and, therefore, there is a self-interest threat. The tool provides information that will help inform decision making by informed management. The scope of our service does not include making decisions on behalf of management or recommending a particular course of action.	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,625 in comparison to the total fee for the audit of £43,650 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Page 22

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Regulatory Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees

Follow up of prior year recommendations

We identified the following issues in the audit of High Peak Borough Council's 2018/19 financial statements, which resulted in 1 recommendation being reported in our 2018/19 Audit Findings report. We are pleased to report that management have implemented our recommendation.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	We identified that the data return Derbyshire Pension Fund send to the actuary Hymans Robertson is not reviewed and checked for reasonableness by the Council prior to submission. Although, checks are completed on the report which is received from Hymans Robertson post the actuarial assessment there is a risk that there are errors in the data processed by the actuary in their reviews.	We are satisfied that the Council have adequately addressed this control recommendation, and have put in processes to check information submitted by the pension fund to the actuary.

Page 23
 Assessment
 ✓ Action completed
 X Not yet addressed

Audit adjustments

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

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Valuation of Buxton Opera House was incorrectly calculated as the wrong inputs in the valuation model were used. This has resulted in the valuation being overstated by £504,057, and therefore the valuation of other land and buildings is overstated. The error has no impact on the general fund of the Council.	504	(504)	0	The error identified is below performance materiality and therefore we have agreed with the Council that an adjustment is not required
Overall impact	504	(504)	0	

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Note 4 Retirement Benefits	There were some inconsistencies between what was shown in the disclosure notes and the IAS 19 actuary report.	We recommend the Council adjust the note disclosures to be consistent with the IAS19 reports.	✓
Council – Disclosure enhancements	As part of our review of the financial statements we have noted some areas where there were some minor presentational and disclosure inconsistencies/errors	We have recommended some improvements to some minor amendments to the financial statements, none of which are in our view significant enough to need to be drawn individually to the attention of the Audit and Regulatory committee, and these changes have been made.	✓

Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee	Final fee
Council Audit	£43,650	£50,198
Total audit fees (excluding VAT)	£43,650	£50,198

The increase in audit fee is due to the impact of Covid-19 on the financial statements audit. Remote working has taken additional time to explain the audit trail of transactions rather than discussing processes and procedures in person. In addition to the increased level of work and challenge undertaken in response to the Covid-19 pandemic and associated significant risk, there has also been additional work undertaken in response to the value for money risks identified within our audit plan addendum. We estimate that the impact of these matters has extended the audit process by seven days.

The proposed fees reconcile to the financial statements. The final fee is subject to confirmation from PSAA and is not accrued in the 2019/20 financial statements.

We have also undertaken the following non-audit related services for the Council

Non-audit fees for other services	Proposed fee	Final fee
Certification of Housing Benefit Subsidy 2019/20	11,050	TBC
Certification of Housing Capital Receipts grant 2019/20	3,400	TBC
CFO Insights	5,625	5,625
Place Analytics	5,625	5,625
Total non-audit fees (excluding VAT)	£25,700	£TBC

Audit opinion

We anticipate we will provide the Council with an unmodified audit report including an Emphasis of Matter

Independent auditor's report to the members of High Peak Borough Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of High Peak Borough Council (the 'Authority') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the EFA, Notes to the Core Statements, Policies and Judgements, Notes to the Housing Revenue Account Statement and Notes to the Collection Fund Statement. 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 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Executive Director & Chief Finance Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director & Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director & Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Executive Director & Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

Audit opinion

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and property investments

We draw attention to Note 5 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings and the Authority's share of the pension fund's property investments as at 31 March 2020. As, disclosed in note 5 to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in both the Authority's property valuer's report and the pension fund's property valuation reports. Our opinion is not modified in respect of this matter.

Other information

The Executive Director & Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report and the Annual Governance Statement 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 of the Authority 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.

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

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority, the Executive Director & Chief Finance Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 32, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director & Chief Finance Officer. The Executive Director & Chief Finance 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/LASAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director & Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Audit opinion

In preparing the financial statements, the Executive Director & Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Regulatory is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Authority

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of High Peak Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Michael Green, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor



© 2020 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank