

Title of Report	Auditor's Annual Report 2020-21
For Consideration By	Audit Committee
Meeting Date	26 September 2023
Classification	Open
<u>Wards Affected</u>	All
<u>Group Director</u>	Jackie Moylan Group Director of Finance

1. **Introduction**

- 1.1 The Auditor's Annual Report (AAR) provides a comprehensive overview of our audit activities conducted for the London Borough of Hackney ('the Council') during the 2020/21 financial year.

2. **Recommendation**

- 2.1 The Audit Committee is recommended to note the contents of the reports.

3. **Reasons for decision**

- 3.1 The external auditors are required to report to "those charged with governance" any matters arising from the annual audit of the Council's Financial Statements and those of the authority's Pension Fund.

4. **Background**

Policy context

- 4.1 The Auditor's Annual Report (AAR) discharges the external auditor's responsibility under the International Standards of Auditing (ISA) (UK & Ireland) 260, communication of audit matters with those charged with governance.

Equality impact assessment

- 4.3 For this report, an Equality Impact Assessment is not applicable.

Sustainability

- 4.4 Not applicable - This report contains no new impacts on the physical and social environment.

Consultations

- 4.5 Not applicable

Risk assessment

- 4.6 Details of the auditor's assessment of risk associated with the audit of the accounts will be outlined in the ISA260 Report (see appendix 1).

5. Auditor's Annual Report 2020/21

- 5.1 The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. The auditors do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2021 and of its financial performance for the year then ended. The auditors audit report, issued on 13 July 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2021.
- 5.2 The auditors' work on the Value for Money (VFM) arrangements have concluded and there are no significant weaknesses or risks have been identified (see appendix 1, section 3 for further details).
- 5.3 The NAO's WGA group audit team has officially confirmed that they do not require any additional work or submissions from component auditors regarding the WGA returns for the financial year 2020-21 fiscal year. In light of this, our auditors have issued the audit certificate for the 2020/21 accounts audit (see appendix 2), marking the conclusion of 2020/21 audit year.
- 5.4 The total audit fee for 2020/21 is £229.6k for the Council and £22.7k for the Pension Fund. Fees for other assurance works currently total £7.7k. However, this subject to change as the Housing Benefits Subsidy Assurance work is outstanding due to the cyber attack and discussion ongoing with the DWP.
- 5.5 The external auditors will present their reports at the Audit Committee meeting and take any questions from members of the Committee regarding the audit of the accounts.

6. Comments of the Group Director of Finance

- 6.1 We are delighted to announce the successful conclusion of the 2020/21 audit, which has resulted in an unqualified audit opinion. It's important to underscore that the delay in the audit process was not within our control but rather a consequence of a nationwide issue related to infrastructure assets. This widespread concern has resulted in delays in external audits nationwide.

6.2 I am pleased to acknowledge the ongoing positive working relationship maintained with both the auditors and the Council's officers. I want to express my gratitude to the auditors for their collaborative efforts with my team. I would also like to thank all those officers involved with the preparation of the Statement of Accounts for the hard work that they have undertaken.

7. **Comments of the Acting Director of Legal, Democratic and Electoral Services**

7.1 Section 151 of the Local Government Act 1972 provides that 'every local authority shall make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs.'

7.2 The proper administration of the Council's financial affairs includes the obligation on the Council to have its accounts audited in accordance with the Audit Commission Act 1998.

7.3 The Council's Constitution gives the Audit Committee responsibility for adopting the annual statement of accounts and for considering whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit which need to be brought to the attention of the Council.

7.4 Consideration of this report by the Audit Committee is in pursuance of the above mentioned obligations and is part of the Council's fulfilment of its duties.

Appendices

- Appendix 1 - LB Hackney 2020-21 Mazars Auditor's Annual Report
- Appendix 2 - LB Hackney 2020-21 Mazars Audit Certificate

Background documents

None

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