

# Auditor's Annual Report

London Borough of Hackney – year  
ended 31 March 2021

July 2023



# Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM arrangements
- 04** Other reporting responsibilities

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# 01

## Section 01: **Introduction**

# 1. Introduction

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for London Borough of Hackney ('the Council') for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements

We issued our audit report on 13 July 2023. Our opinion on the financial statements was unqualified.



### Value for Money arrangements

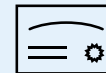
In our audit report issued we reported that we had completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Council's arrangements.



### Wider reporting responsibilities

We are awaiting the NAO confirmation on selection of sample components for review before we are able to complete our work on the Council's Whole of Government Accounts return.

The NAO has yet to select its sample of non-material components for testing as part of the 2020/21 review. As such we are unable to complete our reporting.



### Audit certificate

Following the completion of our work we normally issue our audit certificate to formally close the 2020/21 financial year audit. At this stage we are unable to certify completion of the 2020/21 audit due to the delay to the WGA completion.

# 02

Section 02:

**Audit of the financial statements**

## 2. Audit of the financial statements

### The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We 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. Our audit report, issued on 13 July 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2021.

### Qualitative aspects of the Council's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Authority's circumstances. The accounts have been prepared on the correct (continued provision of service) going concern basis.

Draft accounts were provided by the authority on 6<sup>th</sup> December 2021 and were of a good quality. Supporting working papers were made available prior to the commencement of the audit. Staff members were timely and extremely thorough in response to evidence requests and audit enquiries.

### Significant matters discussed with management

We have discussed the following significant matters with management:

- The continued impact of the cyber attack suffered by the council on its operations and ability to provide support for figures within the financial statements.
- Amendment to the Council's prior year Cash Flow Statement and disclosures to adjust for an item incorrectly recorded within the 2019/20 financial statements
- The impact of Covid-19 on the council and the associated impacts this may have on the risks of material misstatement to the valuation of property, plant and equipment, the assessed provision for expected credit losses and the potential overall impact on the council's financial position.
- Going concern and the basis of management's assessment of its current position. We have reviewed management's initial assessment and considered this against budget forecasts and Cabinet finance papers to support the judgement.

### Significant difficulties during the audit

During the course of the audit, we did not encounter any significant difficulties and we have had the full co-operation of management.

# 2. Audit of the financial statements

## Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiencies in internal control as part of our audit.

### Retention of HR documentation - Level 3

#### Description of deficiency

As part of our review of redundancies in the year, and verification of amounts and decisions to supporting analysis, we noted one instance where the council was unable to provide appropriate supporting documentation.

#### Potential effects

As a result of absence of supporting evidence we were unable to confirm the original employment of the individual by the council and that the decision to grant redundancy was supported in line with the Council's approach.

#### Recommendation

The Council should ensure that all required documentation to confirm employment and the award of redundancy of an individual member of staff is included in the HR systems.

#### Management response

We will complete a review of processes to ensure that staff and departments are aware of the need to retain proper documentation for all employees of the Council.

# 03

Section 03:

**Commentary on VFM arrangements**



### 3. VFM arrangements – Overall summary

#### Approach to Value for Money arrangements work

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

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

At the planning stage of the audit, we undertake work so we can understand the arrangements that

the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in 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 there are further risks of significant weaknesses.

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

The table below summarises the outcomes of our work against each reporting criteria. On the following page we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	10	No	No
Governance	13	No	No
Improving economy, efficiency and effectiveness	16	No	No

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

### Background to financial sustainability in 2020/21

The Council began the 2020/21 financial year as the first national lockdown began, which brought with it a range of operational requirements needed to effectively respond to the range of challenges the pandemic presented. Central government made a series of policy announcements as part of the national response to Covid-19, many of which impacted on the Council. Consequently, the Council was at the forefront of efforts to protect local residents, including the most vulnerable, and to support local businesses.

Some of the Government’s initiatives to respond to the Covid-19 pandemic were supported by additional funding, and so the Council received significant additional funding in 2020/21. This included general grants to support its Covid-19 response of £32.35m, specific grants of £38.687m and compensation for business rate reliefs of £16m, alongside significant funding provided to support local business in line with the government’s national initiatives. This funding helped the Council to support residents and businesses through the year and provided immediate funding to help mitigate some of the financial pressures caused by the pandemic. The Council’s financial sustainability challenges from the Covid-19 pandemic will continue through the medium term and this places considerable pressure on the Council to maintain effective financial sustainability arrangements.

### The Council’s financial planning and monitoring arrangements

In February 2020 the Council set a balanced budget for the 2020/21 financial year. This required an increase in Council Tax of 3.99% (to include the 2% Adult Care precept). Throughout the year the Council has updated its budget forecast, enabling budgets to remain

up to date in the fast-changing and uncertain operating environment of both the pandemic and the Council’s cyber-attack.

Within the original budget and MTFS approved in February 2020, the Council had identified a budget reduction (savings) gap of £30m, as the Council had recognised it had to fund cost pressures and income reductions by 2022/23, with the above increase addressing approximately £3m of in the short term. While the budget for the 2020/21 period was balanced, there is recognition that a range of initiatives and measures will be required to deliver these reductions

The Council’s financial planning and budgeting arrangements are well established and include a wide range of activities and consultations. The budget setting process includes engagement with senior Council officers and incorporates discussion about the delivery of statutory services/priorities and the impact on resources. Any reallocation of resources, whether to meet assessed need or address the Council’s ongoing efforts to address points within the corporate delivery plan, are scrutinised before being reflected in the budget estimates.

The Council updates its financial position to Cabinet throughout the year, and at year end reported its revenue outturn position for 2020/21 as an overall overspend of £0.787m. We have reviewed a sample of the reports presented throughout 2020/21 and 2021/22, these were detailed and comprehensive and incorporate monitoring of the revenue budget, the capital programme and a range of other financial measures and other performance information for officers and Members to review and consider overall performance. The Council follows an established timetable for reporting to Cabinet which includes reporting to directorate and divisional management teams as well as the strategic management team.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria - continued

### The Council’s arrangements for identifying, managing, and monitoring funding gaps and savings

The Council produces a Medium-Term Financial Strategy (MTFS) each year alongside its annual budget. The MTFS sets out the resources available to deliver the Council’s overall commitment to provide the services that will meet the needs of residents over the four-year period. It is subject to review as part of the budget monitoring process completed throughout the year, as well as updating (to extend for a year) as part of each year’s budget setting process.

The MTFS sets out the specific drivers of the Council’s approach to budget setting, as well as highlight the factors that need to be addressed / considered as far as possible within each of the years covered. It reflects assumptions made to allow forecasting of the level of available resources alongside other budget pressures relating to both capital and revenue spending. It also assesses the adequacy of reserves held which may impact on the Council’s resources.

The budget setting process is a detailed and comprehensive process which includes consultation and discussion with officers and Members around the drivers on which the budget is to be based. As part of the budget setting process, the Council explicitly identifies its budget reduction requirements for the remaining years of the MTFS the budget relates to, this being through detailed consideration of budgetary pressures, funding estimates, and impact of national and local initiatives.

The Council completes a number of officer and member meetings and discussion to develop the budget and MTFS, review proposals for savings and budget reductions (with associated supporting evidence assessment). Proposals are subject to consultation with staff, officers and

Members and are presented to meetings attended by Cabinet and Deputy Cabinet Members and senior officers, Overview and Scrutiny, and Cabinet before submission to, and approval at, Full Council.

As in prior years, when considering the savings that need to be identified, the Council continues to use five main methods to discuss and assist in identifying other savings initiatives to close the gap:

- Scrutiny Panel (through Budget Task and Finish Groups)
- Cabinet led working groups
- HMT / Cabinet Steering groups
- Co-ordinated Cross Council Approach to resource deployment
- Directorate specific initiatives.

We have reviewed a range of the budget preparation documents and meetings held as part of the budget setting process. This confirmed that the documents were comprehensive and detailed, that the process for development is being completed on a timely basis and delivered the intended outcomes to assist with the budget preparation.

### Council’s arrangements and approach to 2021/22 financial planning

The Council’s 2021/22 budget setting process followed the arrangements in place for 2020/21, with the additional factor that the process was completed with regard to the ongoing impact of the cyber-attack. The budget for 2021/22 was approved at the March 2021 Council meeting.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria - continued

The Council set a balanced budget with a total net budget for Council services of £312.878m with an increase in Council Tax of 3.99% (including 2% Adult Care precept). The budget included £10.413m of recurrent budget reductions /increases. The Council did not assume any increase or use of reserves in the Budget. If reserves are needed during the year, then the movement is discussed and agreed with the agreement of the S151 officer.

We have reviewed the supporting evidence relating to the preparation of the 2021/22 budget and these demonstrate that the arrangements are consistent with the previous year, detailed and robust and properly applied.

### Conclusion

**Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements in relation to financial sustainability.**

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

### The Council’s risk management and monitoring arrangements

The Council has a well-established risk management system alongside an embedded governance structure across the organisation. The Council has continued to refresh its Risk Management Strategy each year that is well integrated within the Council’s service planning arrangements. The risk management arrangements detail the importance of maintaining strong arrangements and includes corporate, directorate, service and project risk registers, all of which are informed by detailed assessments of the key risks impacting on each area. The Corporate Risk Register is formally reported regularly to HMT and to Audit Committee with a supporting analysis detailing movements in risk levels.

The detailed registers are all fed from the data within the Council’s risk management system which sets out the strategic and corporate risks and links these with Directorates / Services and the corporate plan / objectives (a requirement for all risks). The risk registers apply a risk score both before and after the identification and application of any mitigation measures and enable the Council to manage the risks actively and take action where necessary. We have reviewed the risk management strategy and examples of risk registers, as well as the corporate risk register and performance reviews made to the Audit Committee. Our review confirms the strategy is clear and detailed, and the registers appear comprehensive, containing sufficient and appropriate detail to inform Council officers and Members.

The Council reports its risk registers through its governance framework, with registers presented and discussed at a range of Member and officer meetings and feeding into the regular risk update reports to Cabinet and the Audit Committee. Through our attendance at the Audit Committee meetings has confirmed the Committee understands its role in the risk

management framework and, through its process of review and deep dives, provides challenge to management on the overall risk management strategy, associated registers, corresponding risks and mitigating actions.

The Council maintains an internal audit function, provided by an in-house team, which provides assurance over the effective operation of internal controls. The services is managed overall by the Group Director of Finance and Resources I who also oversees the arrangements to prevent and detect fraud. The annual Internal Audit plan is agreed with management at the start of the financial year and is subject to approval, as well an ongoing review and challenge, by the Audit Committee. The audit plan is based on an assessment of risks identified by the Council and is determined to ensure there is assurance on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control.

During 2020/21, both the Covid-19 pandemic and the cyber-attack impacted on Internal Audit’s plans and the Audit Committee was kept informed of progress, changes to plans and potential implications for overall delivery. We have reviewed the Internal Audit plans for 2020/21 and 2021/22 and confirmed they are consistent with the risk-based approach and consider the implications of the pandemic and responding to the cyber-attack.

The Council has comprehensive anti-fraud and corruption policies which are updated as required. During 2020/21 the Council’s anti-fraud work has included review of processes to minimise any loss on business grant payments made to businesses.

Internal Audit progress reports include reporting on the follow up of recommendations from previous Internal Audit reports and an assessment of progress in delivering these. Throughout the year we have attended all Audit Committee meetings, and from our attendance at these

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

meetings we are satisfied this allows Members to engage with the reports and challenge the papers and reports which they receive from management, internal audit and external audit.

At the end of each financial year the Head of Internal Audit provides an opinion based on the work completed during the year. For 2020/21 the Head of Internal Audit concluded that an adequate level of assurance could be given that the Council's overall framework of governance, risk management and control remain appropriate and has been complied with. Whilst this reflected the significant impact of the pandemic, as well as the impact on controls arising from the cyber-attack, the annual report highlighted that improvements continue to be made in key control areas.

### Council arrangements for budget setting and budgetary control

The 2020/21 Revenue and Capital Budget was approved in February 2020, outlining the estimates of the financial challenge for the financial year 2020/21, as supported by the MTFs. Financial monitoring reports were prepared through much of 2020/21, seeking to highlight key issues and ensure any potential impact on budgets in the medium term. The cyber-attack limited the council's ability to complete these tasks for much of the year.

Over the summer of 2020, there was continued discussion between officers and Members to consider the current financial position and the impact on the budget of the Council and how to manage the impact of the pandemic on the council and its service delivery. Members were engaged closely in discussions about the financial implications for the Council of the pandemic and ongoing lobbying to maintain the financial plans that had been developed with the Council's MTFs and, through this engagement, the Council was able to maintain its commitment to its existing plans whilst continuing to maintain service delivery.

The Council has well established budget monitoring arrangements. Internal finance teams are aligned with the Council's management portfolio structure and the team work closely with budget holders to review, discuss and consider the financial pressures impacting on specific service areas.

The Council maintains a detailed internal budget monitoring timetable to ensure that reports and commentary / discussions are completed on a timely basis. Overall financial monitoring reports are prepared for the whole Council position in respect of both its Capital and Revenue budgets and these reports are presented to Cabinet throughout the year. The format of the report has been subject to some review and update to ensure relevant information, including that around the pandemic where an additional Covid-19 dashboard was prepared and reported upon, together with how the Council is delivering in respect of its previously identified key performance indicators.

### Council decision making arrangements and control framework

The Council's core decision making structure and arrangements are established in the Council Constitution, with decisions being either made by Members (Cabinet, Council, or other decision making committees) the Mayor, Cabinet portfolio leads, or officers as appropriate. All Cabinet and Key Decision reports include Officer Comments, together with notes of Finance, Legal, Risk Management, Equalities and Organisational Implications. The Council has a range of overview and scrutiny committees that challenge and scrutinise Council decisions.

During 2020/21 the Council continually adapted its decision-making arrangements to respond to the challenges of Covid-19 as well as the significant impact that the cyber-attack had on the governance arrangements within the council. As both events developed and changed, the

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

council worked to focus its governance structure to ensure decisions were made at appropriate levels and included the Council and relevant partners. As a result, the Council was able to proactively manage the developing risks and to take properly informed decisions in an appropriate timescale.

The Council has a separate Audit Committee , and this the appropriate status within the organisation to challenge management and obtain assurance on the operation of the internal control framework. The Committee has a wide range of responsibilities, but includes an agreed workplan that addresses governance issues, and requests reports on specific internal control issues if considered appropriate. The Audit Committee met regularly throughout the year, with minimal cancellations as a result of the pandemic, and received a range of reports on internal controls. Where the Committee identifies areas where it requires additional assurance, such as on IT disaster recovery and Treasury Management, reports are brought to future meetings.

### Conclusion

**Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements in relation to governance.**



# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

### The Council’s arrangements for assessing performance and evaluating service delivery

The Council prepares performance monitoring and financial monitoring reports which are presented to senior management and Cabinet as part of the overall budget monitoring and performance reporting cycle. During 2020/21, financial monitoring reports included information about the financial pressures of the Council, the response to them, updates on the impact of the pandemic and management of associated financial costs / funding received, as well as the impact of the cyber-attack as financial information became available.

For services, the performance review analysis highlighted areas of new or increased service demand whether arising from the pandemic or other service pressures, and included the impact of the many government initiatives and policies on the Council’s financial and operational performance.

These reports are also used to identify service delivery challenges, for example where increased costs are incurred to address service backlogs or underlying underperformance. Where such issues are highlighted through financial monitoring, the resources required as an investment to address this are identified. It also sought to identify actions, based on performance data and forecasting, the Council could implement to seek to manage demand / need and impact on planned expenditure.

During 2020/21, many of the key performance indicators (KPIs) were suspended due to the focus on Covid-19 pressures. Performance reporting was subject to regular revision to take account of the circumstances and developments in report identified by Officers and Members.

As part of the ongoing budget monitoring the Council has a suite of performance indicators which it collects on a regular basis as well as in a large number of services access to live management data on current service performance (via Qlik). Performance (data and progress against projects etc) is monitored at all levels of the organisation to ensure that the Council is delivering its objectives (as laid out in the Corporate Plan and statutory obligations).

Performance is monitored at local management level as well as Directors, group Director, HMT and Cabinet members. HMT, Directors and Cabinet members have access to online performance dashboards which have the top PIs (agreed by HMT/Cabinet) for the Council updated as new data becomes available. Regular review of these takes place at meetings of HMT and between HMT and Cabinet Members and the Mayor.

The Council's Audit Committee has also compiled a dashboard of KPIs which are reported on each quarter to the committee with relevant Directors available to answer questions and address concerns.

These arrangements were partly affected by the cyberattack part way through the year of account in 2019/20 and 2020/21.

The Council also employs financial and performance benchmarking across its services. Examples, include use of RA/RO, Section 251 data in determining potential areas for efficiency savings, through the ASC-FR statistical returns and through regular ADASS budget surveys as well as responded to ad hoc requests for benchmarking facilitates through the ADASS Finance Leads group, the use of benchmarking data to underpin transformation work in Housing Services and the use of national Local Environmental Quality Indicator, to compare the



# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

cleanliness of Hackney’s street with other local authorities and to ensure continuous improvement in their performance.

In addition to the corporate performance reporting, the Council completes a range of internal performance and management reporting to evaluate performance and identify areas for improvement.

The latest CQC was carried out on 15 December 2020 and the Council received the results of the latest Ofsted inspection of Housing with Care services, which rated the service as ‘requires improvement’. In response to this, and prior to the pandemic, the Council have developed a whole Council response and were developing a plan to move the Council to Good and onto Outstanding. While plans are in place, the pandemic has had an impact on the initial delivery of the response, although these are considered to be achievable in the short to medium-term.

### The Council’s arrangements for effective partnership working

Through various committees the Council monitors the work and associated service delivery of key partnerships including an ongoing assessment of changes to risks as set out in the applicable risk register. The Council’s key partnerships include those with its wholly owned housing subsidiaries and its relationship with health care partners as part of an integrated health and care system.

The Council owned housing companies all work with the Council with the developed business plans being influenced by the delivery of activities and any associated generation of income that can contribute towards the overall Council’s objectives. The governance arrangements in place within the Council to ensure efficient oversight of the companies and their working are

continuing to develop as the work and arrangements continue to increase and specific projects are completed and associated sales and rentals are completed.

During 2020/21 the Council has continued to work closely with the local healthcare partners to manage services with the significant impact of the Covid-19 pandemic on health and social care. The Council contributes to the North East London Health and Care Partnership, which developed from Healthwatch Hackney, to seek to develop and implement a fully integrated health and care system that builds on existing arrangements to improve health and wellbeing and reduce inequalities.

Subsequently the Council has worked extensively with these partners to develop a Recovery Plan, recognising that they need to continue to work together through the various arrangements to address delivery issues and ensure further learning and adaption. The developed Recovery Plan has taken the learning and experience from the development of responses to Covid-19 and the existing inequalities in health outcomes of Hackney’s population.

### The Council’s arrangements for procurement and commissioning services

The Council’s Constitution contains details of, and a link to, specific Procurement policy and strategy and sets out the processes the Council must follow when procuring goods or services. The strategy seeks to ensure a culture which secures value for money from our contracting activities and achieves the best outcomes for Hackney residents. We have reviewed the procedure rules and confirmed that these appear comprehensive and cover the procedures, the quotation and tender process, any use of frameworks, the post tender evaluation and development of relevant contract monitoring processes.

# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

As part of the procurement strategy the Council has a separate Sustainable Procurement Strategy which seeks to improve the Council’s contracting approach through changing its engagement with the market, in particular local and SME suppliers. The strategy focuses on environmental, economic and social sustainable developments themes of procuring green, for a better society and fairly. As part of its contract management the council has also implemented an approach to any insourcing decisions taken by service areas, to give services a more structured approach for insourcing decisions.

All procurement activities must be carried out, in accordance with the Council’s Contract Standing Orders as set out in Part 4 of the Constitution, but also in compliance with the Council’s General Scheme of Delegation to Officers. The Contract Standing Orders set out procurement routes applicable to various levels of spend, and in addition a risk management framework is in place for procurements above £100k. The application of the risk framework and the estimated value of the requirement determine the governance arrangements which are applicable to individual procurements. All procurements assessed as medium or high risk go through the Council’s procurement gateway process with decisions taken by the Cabinet Procurement and Insourcing Committee for high risk or Hackney Procurement Board for medium risk procurements.

Contract managers are responsible for monitoring contracts to ensure that suppliers are delivering against specifications and maintaining records of supplier performance. Arrangements are proportionate to the value and risk of the contracts. Support is provided from the Procurement Team for the management of high risk and key strategic contracts.

The Head of Procurement and Corporate Contract Management unit are responsible for

working with commissioners to shape the Council’s strategic plans for contract management, as well as assisting in developing specifications, identifying opportunities for improvement within contracts, reviewing contract management information, monitoring KPIs, considering the value for money of contracts and ensuring that the contracts stay up to date throughout the period.

Where contract management information suggests that contracts are not being delivered to the specification, the Council seeks to engage with suppliers to develop and implement improvements to processes and service delivery. The maintenance of dialogue with suppliers is crucial in managing the relationship, delivering services and in ensuring disputes and disagreements are minimised. The Council establishes expected outcomes and benefits from procurement in a series of key performance indicators within contracts, these being specific to each contract, and subject to active monitoring to ensure the benefits are being delivered.

### Conclusion

**Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements in relation to improving economy, efficiency and effectiveness.**

# 04

Section 04:

**Other reporting responsibilities and  
our fees**

## 4. Other reporting responsibilities and our fees

### Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power 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 the 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 2020/21 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.

### Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data, and to carry out certain tests on the data.

For 2020/21 the NAO has yet to select its sample of non-material components for testing as part of the 2020/21 review. As such we are unable to complete our reporting.

## 4. Other reporting responsibilities and our fees

### Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee in January 2022. Having completed our work for the 2020/21 financial year, we have agreed final fees with the Group Director of Finance and Corporate Resources:

Area of work	2019/20 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£174,266	£174,266
Additional fees in respect of the Cyber Attack review	£10,815	n/a
Additional fees in respect of the new VFM approach	-	£15,000
Additional fees in respect of changes in scope (including additional work on PPE valuation, IAS19, Going concern)	£15,603	£19,000
Additional fees in respect of the required audit of Group accounts and associated disclosures	£5,082	£5,300
Additional fees in respect of additional risks	-	£10,500
<b>Total fees</b>	<b>£206,616</b>	<b>£229,616</b>

### Fees for other work

For the Pension Fund, in addition to the £16,170 scale fee we have agreed additional fees of £4,000 to audit the risks around level 3 investments and £2,500 for providing assurances to the Council auditor on IAS19. In 2020/21 the Council has engaged Mazars for the following audit-related assurance reviews:

- Housing Benefits Subsidy Assurance: £TBC (work remains to be agreed as a result of the impact of the cyber attack)
- Teachers' Pensions Return Assurance: £3,600
- Pooled Capital Housing Capital Receipts Return Assurance: £4,100

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# Suresh Patel, Partner

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

\*where permitted under applicable country laws.