

Audit Progress Report 2021/22

London Borough of Hackney & Pension Fund

September 2023



Purpose and contents

Purpose

This report follows up the detailed Audit Completion Report on the audit of the Council's and Pension Fund's statement of accounts for the year ending 31 March 2022 that we presented to the May 2023 meeting of the Audit Committee and the short update to the June meeting. It seeks to communicate our subsequent progress against the work that remained in progress on both the Council and Pension Fund financial statement audits to the Committee.

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Section 01:

**London Borough of Hackney and
Hackney Pension Fund**

Audit Progress Update

Audit Progress

Financial Statements - 2021/22 audit

As noted within our Audit Completion Reports (ACR), there were a number of areas where work remained to be completed before we could conclude on the individual financial statement audits.

Hackney Council

Within the Council ACR we reported that the Council needed to consider the impact of the triennial valuation of the Pension fund on the Council's pension liability as at 31st March 2022. At this stage we are still awaiting final assurances from the pension fund auditor on the testing of the updated pensions membership data (see below).

The other aspects of our work have progressed, although some areas remain outstanding as they relate to our final review of the final financial statements and completion of the audit file. We are in process of agreeing the required amendments to the financial statements with the Council's Finance team. We include further details in section 2.











Hackney Council Pension Fund

To support the Council's financial statement audit we reported in the ACR that we needed to complete some work on the membership data supporting the triennial valuation of the Pension fund. We have substantially completed the audit procedures on the data and are currently completing work over the completeness of the membership data submitted by the Council to the actuary. This work will allow us to provide the necessary assurances for the Council audit.

As with the Council audit, the other aspects of our work have progressed, although some areas remain outstanding as they relate to our final review of the final financial statements and completion of the audit file. We are in process of agreeing the required amendments to the financial statements with the Council's Finance team.







Audit Progress

2021/22 Audit – Progress on outstanding issues (Council)

Audit area	May '23 ACR Status	Updated status	Description of the outstanding matters
IAS19 disclosures			The revised draft Council accounts had updated IAS19 disclosures based on actuarial reports using updated data from 2022. These are materially different to the estimated values that were included within the initial draft financial statements. Auditors cannot place any reliance on the new triennial valuation until the Pension Fund auditor (Mazars) has carried out audit procedures on the membership data that supports the valuation. This is in progress.
Final review procedures			We are completing our file review which includes review by the engagement partner and engagement quality control reviewer.
Events after the reporting period			Review of events after the reporting period, up to the point at which we sign our audit report.
File closure procedures			Following completion of the above final review procedures, we need to complete file closedown procedures, including confirming the final set of financial statements, receipt of management's letter of representation and complete our consideration of post balance sheet events to the date of sign-off.
Whole of Government Accounts (WGA)			We are awaiting the NAO to select its sampled components of local authorities for 2021/22.

Audit Progress

2021/22 Audit – Progress on outstanding issues (Pension Fund)

Audit area	May '23 ACR Status	Updated status	Updated description of the outstanding matters
Final review procedures			We are currently completing our file review which includes the work required to provide assurances for the Council audit, as well as the review of the Engagement Partner. We cannot complete our closure procedures until any outstanding points are resolved.
File closure procedures			Following completion of review procedures, we need to complete file closedown procedures, including receipt of management's letter of representation and complete our consideration of post balance sheet events to the date of final sign-off.
Review of Annual Report			Our review of the content of the detailed Pension Annual report to confirm consistency with the financial statements has yet to be completed.

02

Section 02:

London Borough of Hackney

Progress on Value for Money (VFM)

3. Value for money

Approach to Value for Money

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

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

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

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

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report soon after issuing the audit opinion.

Status of our work

We are currently completing our work in respect of the Council's arrangements for the year ended 31 March 2022. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Council's arrangements.

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