

Audit Committee
London Borough of Hackney
Hackney Town Hall
Mare Street
London

28 March 2024

London Borough of Hackney and Pension Fund 2021-22 audit of financial statements

Update/Conclusion of pending matters – Audit Completion Report June 2023

Following on from our recent correspondence and as required by International Standards on Auditing (UK), we are writing to confirm that the matters that were marked as outstanding within our Audit Completion Reports presented to the Audit Committee in June 2023 and the progress report we presented to the 26 September meeting have now been completed.

The outstanding matters and the conclusions reached are detailed in the following tables.

Council audit

Matter	Update/Conclusion reached
Net defined benefit liabilities	The draft Council accounts included IAS19 disclosures based on actuarial reports using data from 2019. As the Council had received the latest triennial review providing actuals as at 31 March 2022 this has impacted on the assessment of the position as at the year end. We have completed our work and, as the values in the revised calculations are materially different to the estimated values used for the draft accounts, have agreed that a number of changes are made to the financial statements.
Final review procedures	We have received a final set of updated statements which includes all of the agreed amendments. We have therefore completed our final review and sign off procedures.
Events after the reporting period	As part of our finalisation procedures we will complete our review of events after the reporting period.
File closure procedures	As part of our finalisation procedures we will complete our file closure procedures and our signing of the audit opinion.
Whole of Government Accounts	The Group Audit Instructions have been issued by the NAO. We will complete the appropriate procedures as soon as we are able after we have finalised our audit opinion.

The Committee should note that we remain unable to certify completion of the audit because of:

- Completion of work in relation to our Value for Money conclusion.
- Completion of work in relation to the Council's WGA submission.

Misstatements

As a result of completing our work we summarise the relevant adjusted and unadjusted misstatements in Annex A to this letter.

Pension Fund audit

Matter	Update/Conclusion reached
Final review procedures	We have received a final set of updated statements which includes all of the agreed amendments. We have therefore completed our final review and sign off procedures.
Events after the reporting period	As part of our finalisation procedures we will complete our review of events after the reporting period.
File closure procedures	As part of our finalisation procedures we will complete our file closure procedures and our signing of the audit opinion.
Review of Annual Report	We have completed the outstanding audit testing. Upon agreement of a final updated `Annual Report, we will complete our documentation and our signing of the consistency opinion.

Misstatements

As a result of completing our work we confirm that we have not identified any unadjusted misstatements in respect of the Pension Fund.

If you wish to discuss the points above, or any other points then please do not hesitate to contact me.

Yours faithfully,



Suresh Patel
Partner
Mazars LLP

Summary of misstatements - Council

In the Audit Completion Report we communicated the following adjusted misstatements for the group:

	CIES	Balance Sheet		Reserves
	£'000	Assets Dr £'000	Liabilities Cr £'000	£'000
1	DR Accrued income (BS) CR Grant income (CIES)	(1,689)	1,689	
	Extrapolated adjustment for Grant income received after year end which should have been included within cost of services income but had not been accrued in error.			
2	DR Investment property CR Financing and investment income and expenditure	(6,800)	6,800	
	DR Adjustments between accounting and funding basis (GF) CR Capital Adjustment Account (Unusable reserves)	6,800		(6,800)
	Extrapolated adjustment required for Investment Property Valuation increases incorrectly calculated at year end			
3	DR Financing and investment income and expenditure CR Investment property	311	(311)	
	DR Capital Adjustment Account (Unusable reserves) CR Adjustments between accounting and funding basis (GF)	(311)		311
	Extrapolated adjustment required for Investment Property Valuation decreases incorrectly calculated at year end			
4	DR Revaluation reserve CR Property, Plant and Equipment (Non-Current Assets)		(4,909)	4,909
	Property, Plant and Equipment (Land and buildings) valuation overstatements			
5	DR Provisions CR CIES –Service expenditure		5,428	
	DR Adjustments between accounting and funding basis CR Usable General Fund Reserve	(5,428) 5,428		(5,428)
	Adjustment for the removal for Low Traffic Neighbourhood (PCN provision as, in light of legal challenge, this provision is no longer required.			
	Unadjusted misstatements	(1,689)	3,269	(7,008)

The following misstatement was subsequently identified:

6	DR NBV infrastructure assets CR Depreciation expense		3,100	
	DR Adjustments between accounting and funding basis (GF) CR Capital Adjustment Account (Unusable reserves)	(3,100) 3,100		(3,100)
	Infrastructure assets: the UEL applied by the Council differ to those recommended by CIPFA, we have performed an analysis to determine the potential variance as a result of these differences, which is between £3.1m and £3.17m is below PM.			
	Total unadjusted misstatements	(1,689)	6,369	(10,108)

We set materiality at £19.7m with performance materiality at £11.8m. As such we are satisfied that the above unadjusted misstatements do not materially affect the Council and Group accounts.