

Audit Status Report: April 2024

London Borough of Hackney and Hackney Pension Fund

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Summary

To the Hackney Audit Committee

We are pleased to present an audit status report to the Audit Committee for our ongoing audits of the Hackney Council and Hackney Pension Fund accounts for the year ending 31 March 2022, 31 March 2023 and the forthcoming audit of the 31 March 2024 statements. At previous Committee meetings we have reported on the reasons for the prolonged nature of the audit of accounts. The Council has now published audited accounts for 31 March 2022 and we provide an update on the status of the 2022/23 audit, which we aim to complete by the end of April.

In addition, we also provide a summary of the Department for Levelling Up, Housing and Communities (DLUHC) and NAO consultations on addressing the backlog of local authority accounts and local audit.

We also include a section outlining our initial discussions with the Council, and planning work completed, on the audit of the financial statements for the year ending 31 March 2024. We provide our Indicative Audit Strategy Memorandum for the Council's accounts as a separate report.

Client service is extremely important to us, and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07977 261873.

Yours faithfully

Suresh Patel

Mazars LLP

1. Audit Progress

2021/22 Audit

On 28 March 2024 we issued unqualified audit opinions on the Council and Pension Fund accounts for the year ending 31 March 2022. We issued final Audit Completion Letters to management that they include in the Audit Committee papers.

We have also now drafted the VFM commentary for 2021/22, as part of the combined commentary included at Section 2 of this report.

For completeness we include below the final fees for 2021/22 which we are currently agreeing with the Group Director, Finance.

Council	2020/21 (Agreed)	2021/22 (Final)	Pension Fund	2020/21 (Agreed)	2021/22 (Final)
Scale fee set by PSAA	£174,266	£174,266	Scale fee set by PSAA	£16,170	£16,170
Additional fees for work additional to the scale fee:			Additional fees for work additional to the scale fee:		
1. Changes in scope including work on PPE valuations	£19,000	£18,203	1. Level 3 investments	£4,000	£4,500
2. Group accounts	£5,300	£5,300	2. IAS19 assurance to the auditor of LB Hackney	£2,500	£2,800
3. Code changes relating to VFM	£15,000	£15,000	3. Membership data testing arising from the triennial valuation of the pension fund for the auditor of LB Hackney	-	£5,000
4. Revised auditing standard – accounting estimates	£5,000	£5,000	TOTALS	£22,670	£28,470
5. Work to address audit risks	£10,500	£4,974			
6. Dealing with correspondence and objections	-	£8,972			
TOTALS	£229,066	£231,715			

1. Audit Progress

We have reported to previous Committee meetings our 2022/23 Audit Strategy Memorandums, audit progress and outlined the reasons for the delays in the audit process. We issued Audit Completion Reports to the 31 January 2024 Committee meeting.

2022/23 Audit

COUNCIL

At the 31 January 2024 meeting of the Audit Committee, we reported that we had outstanding matters in relation to property, plant and equipment valuations and then completion of our final review procedures. We completed our work on property valuations in February. However, the Council then informed us of a late adjustment to the accounts of £19.9m. This adjustment was to reclassify revenue expenditure which does not enhance the value of a physical asset as capital expenditure which does enhance the value of physical assets. We were required to carry out additional testing on this matter to obtain assurance that the Council's accounting treatment was appropriate. We completed this work in March and identified £164k of spend that did not meet the criteria of capital expenditure. When extrapolated against the total population, we projected the error to be £1.4m. The Council has adjusted the final version of the accounts.

We are now completing our final review procedures, which include the engagement partner and engagement quality reviewer completing their reviews as well as a final technical review of the final statements.

We include the VFM commentary for 2022/23 as part of the commentary at Section 2 of this report.

PENSION FUND

We reported on 31 January that we had completed our audit procedures other than an issue with the Fund's reclassification of investments from Level 3 to Level 2, reviewing the Pension Fund annual report for consistency with the accounts and then our final review procedures. We have now completed the audit procedures and have our final review procedures to complete.

Subject to the resolution of the above points we aim to finalise the audit completion work by late April.

2. Draft Value for Money commentary

Financial sustainability

Background to financial sustainability in 2021/22 and 2022/23

The Council began the 2021/22 financial year as the country moved gradually out of the restrictions arising from the national lockdown, which brought with it the management of a range of changing requirements to effectively respond to the centrally implemented step levels. Central government implemented a series of steps and a detailed timetable as part of the continued national response to Covid-19, many of which impacted on the Council's continuing and pandemic specific services. The Council was at the forefront of efforts to assist local residents, including the most vulnerable, and to support local businesses.

As in 2020/21, some of the Government's initiatives to respond to the Covid-19 pandemic were supported by funding, for which the Council received significant additional funding across both 2020/21 and 2021/22. This included general grants to support its Covid-19 response of £14.4m (2020/21 £22.3m), specific grants of £27.5m (2020/21 £35.2m) including compensation for business rate reliefs and significant funding provided to support local business in line with the government's national initiatives. This funding allowed the Council to continue to support residents and businesses through the year, and provide funding to help mitigate some of the financial pressures caused by the pandemic. The financial sustainability challenges arising from the pandemic response have continued in the short term and combined with changes in government funding, maintains the pressure on the Council to ensure effective financial sustainability arrangements.

At the start of the 2022/23 financial year the Council were cognisant of the considerable financial challenge relating to the uncertainty around the ongoing impact of Covid-19, the associated economic downturn and future funding levels from Central Government. This was against the backdrop of reduced core funding and increased demands for adult social care, children's services, and inflationary impacts upon costs.

The Council's financial planning and monitoring arrangements

In February 2021 the Council set a balanced budget for the 2021/22 financial year, with this requiring an increase in Council Tax of 4.99% (to include the 3% Adult Care precept).

In March 2022 the Council set a balanced budget for the 2022/23 financial year, with this requiring a further increase in Council Tax of 2.99% (including the 1% Adult Care precept).

Throughout both years the Council updated its budget forecast, enabling budgets to remain up to date in the fast-changing and uncertain operating environment of the pandemic and developments from responding to the Council's cyber-attack.

2. Draft Value for Money commentary

Within the original budget and MTFS approved for both years the Council had identified budget reduction (savings) gaps of £11.3m (2021/22) and £10.3m (2022/23) in recognition of the ongoing cost pressures and income reductions that required to be funded, with the increase in Council Tax only addressing proportions of this in the short term. While the budgets for both periods were 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 appropriate provisions for budgetary pressures (such as inflation, pay awards, etc.) as well as the inclusion of statutory charges (Minimum Revenue Provision (MRP) etc.) and engagement with senior Council officers and incorporates discussion about the delivery of statutory services/priorities and the impact on resources. We note that the Council has a process for determining and approving the annual MRP charge. We also note that although it is calculated in line with the regulations applicable for 2021/22 and 2022/23, the charge itself is at the lower end of the expected range for a council of Hackney's size and activity. The Council will need to ensure that it remains compliant with the changing regulations following recent government consultations.

Overall, each aspect of the plan is reviewed and challenged as part of the budget setting process, with amendment as appropriate. 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 has updated its financial position to Cabinet throughout the year, and at year end has reported its revenue outturn position for each year, overall overspend of £3.367m. We have reviewed a sample of the reports presented throughout 2021/22 and 2022/23, noting these continue to be detailed and comprehensive and incorporate monitoring of the revenue budget and the capital programme. They also include a range of other financial measures and other performance information for officers and Members to review and allow consideration of the Council's 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.

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 identified period. It is subject to review and update as part of each year's budget setting process and the ongoing budget monitoring process completed in year.

The MTFS continues to set out the specific drivers of the Council's approach to budget setting, as well as highlight the principal factors that need to be addressed / considered as far as possible within each of the years that are to be covered by the strategy. The strategy seeks to reflect the 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 and management of spending over the course of the strategy.

2. Draft Value for Money commentary

The budget setting process is a detailed and comprehensive process which includes consultation and discussion with officers and Members around the above specific drivers for use in the MTFs and annual budget. The budget setting process includes explicit identification of the required budget reductions across all years of the MTFs the budget forms part of, whether arising from detailed consideration of service delivery pressures, changes in funding estimates, as well as the continued impact of national and local initiatives.

To support the process the Council completes a series of officer and member meetings to support budget development and the content of the MTFs. These will also review savings proposals and potential budget reductions, both of which require associated supporting evidence and impact assessment. Significant proposals are also 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 sources to assist in identifying, and discussing, other savings initiatives to close the gap:

- Scrutiny Panel (through Budget Task and Finish Groups)
- Cabinet led working groups
- CLT / 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, confirming that the documents remain comprehensive and detailed and the process for development is being completed on a timely basis to deliver the intended outcomes to assist with the budget preparation.

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

2. Draft Value for Money commentary

Governance

The Council's risk management and monitoring arrangements

The Council continues to have a well-established risk management system alongside an embedded governance structure that covers the whole organisation. The Council continually refreshes its Risk Management Strategy and maintains the documented integration with the Council's service planning arrangements. The risk management process details the importance of maintaining strong arrangements at all levels, and there are therefore corporate, directorate, service and project risk registers, all of which build on the detailed assessments of the key risks that impact on each area. The Corporate Risk Register is formally reported regularly to CLT and to Audit Committee with a supporting analysis detailing movements in risk levels.

Detailed Directorate, Service and Project registers are all fed from the data within the Council's risk management system and link to the strategic and corporate risks as well as the corporate plan / objectives (required for all risks). Risk registers calculate a risk score both before and after the identification and application of any mitigating measures. This enables the Council to identify those areas where risk is still assessed as too high and take further steps to actively manage the risks as necessary. We have reviewed the risk management strategy and examples of risk registers, as well as the corporate risk register and deep dives and assessments by 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 uses the risk registers throughout its governance framework, with registers presented and discussed at a range of Member and officer meetings and considered within the regular risk update reports to Cabinet, Audit Committee. Our attendance at Audit Committee meetings has confirmed the Committee aware of its role in the risk management and overall governance framework. Through its process of review and deep dives, the Audit committee provides challenge to the overall risk management strategy, associated registers, corresponding risks and mitigating actions.

The Council has an in-house internal audit function which, through its programme work, provides assurance over the effective operation of internal controls. Overall management of the services is by the Group Director, Finance, who also oversees the arrangements to prevent and detect fraud, which is also provided by the internal team. 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. The detailed annual Internal Audit plan is agreed and approved by management at the start of the financial year, and is also subject to approval and ongoing review and challenge by the Audit Committee.

We have reviewed the Internal Audit plans for 2021/22 and 2022/23 and confirmed they are consistent with the risk-based approach and consider the implications of the pandemic response and addressing any remaining issues arising from the cyber-attack. 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.

2. Draft Value for Money commentary

The Council has comprehensive anti-fraud and corruption policies which are updated as required. During 2021/22 the Council's anti-fraud work has included review of processes to minimise any loss on business grant payments made to businesses. During 2022/23, the Council's anti-fraud work has been fully resumed following disruption caused by the pandemic. This has focussed on Tenancy Fraud, No Recourse to Public Funds, Parking Concessions, and Covid-19 Business Grants.

Throughout the year we have attended all Audit Committee meetings, and from our attendance at these meetings we are satisfied this allows Members to engage with 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 2021/22 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 continued impact of the pandemic, as well as the impact on controls changes arising from the response to the cyber-attack, the annual report highlighted that improvements continue to be made in key control areas. For 2022/23 The Corporate Head of Audit, Anti-Fraud and Risk Management confirmed the conclusion was that the Council's control framework was 'adequate' and remained robust, despite recent challenges.

Council arrangements for budget setting and budgetary control

The 2021/22 Revenue and Capital Budget was approved in February 2021, and set out the estimates of the financial challenge for the coming financial year 2021/22, as well as savings plans as detailed within the MTFS. Financial monitoring reports were prepared throughout 2021/22, highlighting key issues, responses and developments arising from the pandemic response and funding, and ensure any potential impact on budgets in the medium term. The cyber-attack limited the council's ability to complete these tasks for some of the year.

The 2022/23 Revenue and Capital Budget was approved in February 2022, and set out the estimates of the financial challenge for the coming financial year 2022/23, as well as savings plans as detailed within the MTFS. Financial monitoring reports were prepared throughout 2022/23, highlighting key issues, including the impact of inflation on care providers, and increased energy costs for services with high energy costs to run Council buildings, and fuel costs for SEND transport and Environmental Operations.

As in the 2020/21 year, there was continued discussion between officers and Members over both 2021/22 and 2022/23 to consider the current financial position and the impact on the budget of the Council and how to manage the impact of the pandemic, and responses required / funding received, on the council and its service delivery. Members were engaged closely in discussions about the financial implications for the Council to maintain the financial plans that had been developed with the Council's MTFS. As a result, the Council was able to maintain its commitment to its existing plans and 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.

2. Draft Value for Money commentary

The Council has a detailed internal budget monitoring timetable to ensure reports, and associated commentary and discussions, are completed and discussed on a timely basis. Overall financial monitoring reports are prepared on a variety of bases, including the whole Council position in respect of both its Capital and Revenue budgets which are presented to Cabinet throughout the year. The format of the report has been updated to ensure relevant information, including around the pandemic (using an additional Covid-19 dashboard) and the impact of the cyber-attack. These have been used to provide updates on 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 well established and detailed within the Council Constitution, with decisions being either made by Members (Cabinet, Council, or service 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 continue to challenge and scrutinise Council decisions.

The ongoing impact of the pandemic and fallout of the cyber-attack during 2021/22 and 2022/23 required the Council to manage and adapt its decision-making arrangements to respond to the challenges of both on the governance arrangements within the council. The council worked to focus its governance structure to ensure decisions were made at appropriate levels, using appropriate information. It also worked to ensure process included relevant partners that were assisting with the work on both areas. The Council was able to proactively manage the risks and to take properly informed decisions as a result.

There is a separate Audit Committee, which continued to meet regularly throughout both years and received a range of reports on internal controls. 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 committee has appropriate status within the organisation to challenge management and obtain assurance on the operation of the internal control and governance framework. Where the Committee identifies those areas where it requires additional assurance, such as on IT disaster recovery and Treasury Management, with reports being brought to future meetings.

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

2. Draft Value for Money commentary

Economy Efficiency Effectiveness

The Council's arrangements for assessing performance and evaluating service delivery

The Council has a range of performance monitoring and financial monitoring reports which are presented to senior management and Cabinet as part of the budget monitoring and performance reporting cycle. During 2021/22, financial monitoring reports included information about the financial pressures of the Council, the response to them, updates on the impact of the pandemic responses and management of associated financial costs / funding received, as well as the impact of the cyber-attack on available financial information. In 2022/23, the monitoring of the ongoing impact continued, as well as further monitoring over the inflationary impact on care services and energy cost pressures.

Performance review analysis has highlighted areas of changes in service demand, whether arising from the pandemic or other service pressures, as well as the impact of government initiatives, policies and pandemic response requirements on the Council's financial and operational performance. These reports identify service delivery challenges, such as increased costs to address service backlogs or underlying underperformance. This allows Officers and Members to identify resources required to address the issues and ensure these are managed within the overall resource envelope. It also sought to identify any mitigating actions, based on forecasting from the available performance data, the Council could implement to manage demand / need and reduce the impact on planned expenditure.

In the 2020/21 year the Council suspended monitoring of many of the key performance indicators (KPIs) in order to focus on pressures arising from the pandemic. As the response and position has developed, so performance reporting has been revised by Officers and Members to take account of the circumstances and ensure monitoring of the Council's strategic objectives.

The Council has a suite of performance indicators which it collects on a regular basis and also makes a large range of live management data on current service performance available to the services (via Qlik). Overall performance, including general data and general progress against projects, is monitored at all levels of the organisation to ensure that the Council is delivering against the objectives set out in the Corporate Plan and statutory obligations.

The Council's performance is monitored at local / service management level as well as through Directors, Group Directors, CLT and Cabinet members, with officer groups all having access to online performance dashboards the KPIs (agreed by HMT/Cabinet) for the Council that are updated as new data becomes available. There is regular review and discussion of these across council (service and committee) meetings.

The 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.

2. Draft Value for Money commentary

Economy Efficiency Effectiveness

The Council's arrangements for assessing performance and evaluating service delivery (continued)

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 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 continues to undertake a range of internal performance and management reporting to help it evaluate performance and identify areas for improvement and potential changes to service delivery.

The Council's arrangements for effective partnership working

Through various committees the Council monitors the work and associated service delivery of key partnerships including consideration of changes to risks detailed in the applicable risk register. 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. These have developed and moved as the council has worked with parties to respond and address points from the response to the pandemic.

The Council has developed business plans with the 100% owned housing companies to allow for the delivery of effective services and activities in line with objectives, whilst ensuring that any associated generation of income can contribute towards further extension of these. There are detailed governance arrangements in place within the Council to provide oversight of the companies and their working and monitoring of development as they expand and change and specific projects are completed and associated sales and rentals are completed.

During the year the Council has continued to work closely with its local healthcare partners to manage services with consideration of the impact of the pandemic on health and social care. The Council contributes to the North East London Health and Care Partnership 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.

2. Draft Value for Money commentary

The Council's arrangements for procurement and commissioning services

The Council's Constitution contains details of its specific Procurement policy and strategy and sets out the processes the Council must follow when procuring goods or services. A principal aim of the strategy is to secure value for money from contracting activities and achieve the best outcome for Hackney residents. We have reviewed the procedure rules and confirmed that these appear comprehensive and cover the procurement procedures, the quotation and tender process, use of frameworks, tender evaluation and development of relevant contract monitoring processes.

As part of its approach to purchasing, the Council has a 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, and includes guidance on implementation of sustainable procurement. This is achieved by ensuring the strategy focuses on environmental, economic and social sustainable developments themes, to promote procuring on a green basis and for a better and fair society. Any assessment for service procurement and contract management the council has implemented a separate approach to insourcing to give services a more structured approach for those decisions.

All procurement activities must be carried out in accordance with the Council's Contract Standing Orders as set out in the Constitution, and in compliance with the Council's General Scheme of Delegation to Officers. There are detailed procurement routes applicable to various levels of spend, as well as a risk management framework in place for any procurement in excess of £100k. The application of the risk framework and the estimated value of the requirement determine the governance arrangements applicable to individual procurements. All procurements assessed as medium or high risk are required to use the Council's procurement gateway process with high-risk decisions taken by the Cabinet Procurement and Insourcing Committee and medium risk decisions taken by the Hackney Procurement Board.

Subsequent to the award, the Council Contract managers are responsible for monitoring contracts to ensure that suppliers are delivering against agreed specifications and maintaining records of supplier performance. Detailed support is provided from the Procurement Team for the management of high risk and key strategic contracts.

The Council uses specific key performance indicators to establish expected outcomes and benefits from the procurement within contracts, and subjects these to active monitoring to ensure the benefits are being delivered. Where contract management information indicates issues with delivery, the Council seeks to engage with suppliers to develop and implement improvements to processes and service delivery. Maintaining dialogue with suppliers is crucial in delivering services and in ensuring disputes and disagreements are minimised.

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

3. Summary of DLHUC and NAO consultation on backstop arrangements

We reported to previous Committees the national backlog in local authority financial reporting and local audit. After over 6 months of discussions with the sector and local auditors, on 7 February, the government and the NAO released a 4 week consultation on their proposals to address the national backlog. The plans are to reset, recover and reform the system.

Some of the proposals impact directly on the Council (e.g. changes to the CIPFA and NAO Codes) and other proposals indirectly (the scheduling of all Mazars London Borough audits).

DLUHC proposals

- To clear the backlog of historical accounts and ‘reset’ the system, proposes putting a date in law (the “backstop date”) – 30 September 2024 – by which point local councils would publish audited accounts for all outstanding years up to and including 2022/23.
- Local auditors will issue a modified or disclaimed opinion on outstanding accounts if they do not have enough time to complete all audit work before the backstop date.
- To ‘recover’ the system, DLUHC proposes to put further backstop dates into law for the publication of audited accounts by local bodies. These would cover the 5-year audit appointments for financial years 2023/24 to 2027/28:
 - Year ended 31 March 2024: 31 May 2025
 - Year ended 31 March 2025: 31 March 2026
 - Year ended 31 March 2026: 31 January 2027
 - Year ended 31 March 2027: 30 November 2027
 - Year ended 31 March 2028: 30 November 2028

3. Summary of DLHUC and NAO consultation on backstop arrangements

- CIPFA is consulting on temporary changes to the Code of Practice on Local Authority Accounting which include extending overrides on infrastructure assets, simplifying the professional revaluation of operational property, and reducing disclosure requirements around net pension assets and liabilities for at least 2 years.

NAO proposals

- Changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.
- Reduced scope for VFM arrangements review for all outstanding years up to and including 2022/23.
- Allow local auditors to provide a single commentary on VFM arrangements for local bodies for all outstanding years up to and including 2022/23.

We will discuss the outcome of the consultations, and any impact on the audit of the Council's 2023/24 financial statements with the Group Director, Finance once they are published and report to the next Committee meeting.

4. Planning for auditing the year ending 31 March 2024

The Council have indicated that they will publish their draft accounts for 2023/24 by the end of May. We have agreed to commence our planning procedures from March 2024. We will agree a timetable for the main audit procedures with the Group Director, Finance.

We have issued an indicative Audit Strategy Memorandum.

Planning assumptions and actions for 2023/24

We have met with the Council's finance team to consider any further lessons that can be learned from the most recent audit and identify any associated actions to improve the accounts and audit process for 2023/24.

Addressing any points from both the above, and our response to the DLHUC and NAO consultation on backstop arrangements, as a firm we are establishing protocols for delivering the audit, including commitments from:

- The Council to prepare good quality accounts, supported by comprehensive and good quality working papers and all system reports and ensure that the audit can be fully serviced during the agreed timescale.
- Mazars to engage, communicate and agree with the finance team a granular plan of audit procedures, delivered by a named audit team.
- Both parties to stick to an agreed schedule of audit delivery, communicate early any risks to delivery and take correct action where possible.

We have commenced our audit planning procedures, including a review of the Council's key business processes and have issued an Indicative Audit Strategy Memorandum to this meeting.

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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.

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