

# Auditor's Annual Report

Boston Borough Council – year ended 31  
March 2021

April 2022



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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 Boston Borough Council ('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 12 April 2022. Our opinion on the financial statements was unqualified.



### Value for Money arrangements

In our audit report issued we reported that we had not 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 identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements.



### Wider reporting responsibilities

We have not yet received group instructions from the National Audit Office confirming their requirements in relation to the Council's Whole of Government Accounts. We are unable to issue our audit certificate until this is formally confirmed.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We did not receive any questions or objections in respect of the Council's financial statements.

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# 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, gave an unqualified opinion on the financial statements for the year ended 31 March 2021.

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

We reviewed the Council's accounting policies and disclosures and concluded they generally complied with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

A single exception in the application of these policies by the Council was noted, in that it has failed to effect the necessary transfer of the difference between fair value depreciation and historical cost depreciation between the Revaluation Reserve and the Capital Adjustment Account. A methodology was agreed with the Council to enable the amount of this transfer to be calculated.

We also noted that the Council had again departed from MHCLG's Statutory Guidance on Minimum Revenue Provision in respect of its property fund assets. Whilst we were satisfied that the Council's rationale for this departure is reasonable and that its provision is prudent, we were aware that this is still an area or focus by MHCLG, CIPFA and the National Audit Office.

### Significant difficulties during the audit

During the course of the audit a number of significant difficulties were encountered, as outlined below, although we had the full co-operation of management in resolving these:

- **Early commencement of audit**  
At the request of the S151 Officer the commencement date of our audit was brought forward from that originally planned to enable work to be completed prior to the departure of the principal officer responsible for the production of the financial statements.

No draft accounts or working papers of a suitable quality were produced to support the audit in this period, despite repeated management assurances that they would be made available, resulting in the decision to suspend the audit with a lack of any meaningful progress being made.

- **Poor quality working papers**  
The Council's finance team experienced turnover of several key posts during the accounts production timeframe. This resulted in a loss of detailed knowledge over particular aspects of the accounts production and ledger processes and increased time pressures on remaining staff over this period.

Our audit identified that the standard of the working papers provided to support the figures within the financial statements fell below our expectations. Examples included missing information, incorrect interpretation and application of guidance and incorrect population of supporting models, all resulting in incorrect disclosure of financial statement figures and additional time being required to resolve issues.

- **Significant delays in management providing required information**  
We faced a number of significant delays in the provision of requested information from management during the course of the audit, in some cases this taking in excess of a month to receive. As a consequence the audit progressed at a far slower pace than envisaged.

# 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. We did not identify any risks of significant weakness, or actual significant weakness, in the Council’s arrangements. On the following pages 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	9	No	No
Governance	11	No	No
Improving economy, efficiency and effectiveness	14	No	No



# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

### Background to the Council’s operating environment in 2020/21

The Council entered 2020/21 at the start of the national lockdown, and faced a significant operational impact from the effects of the pandemic. In response to the Covid-19 pandemic, central government made a series of policy announcements, a number of which have impacted on local authorities such as Boston Borough Council. During the 2020/21 year the Council dealt with a wide range of issues to support local residents and businesses.

Some of the Government’s initiatives in response to the Covid-19 pandemic have been backed by additional funding, and the Council received a range of government grants during 2020/21 to either support local businesses/individuals or meet the Council’s own costs. The Council received around £1.1m of Covid-19 Response funding to cover the Council’s extra costs. The Council also received around £0.8m relating to the income compensation scheme for the sales, fees and charges income lost during the lockdown periods.

### 2020/21 Financial statement performance

We have carried out a high level analysis of the audited financial statements, including the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and the Balance Sheet.

The Council’s financial position as reported in the balance sheet does not give us cause for concern relating to financial stability. Investment balances have increased from £29.6m to £30.7m whilst borrowing levels have remained stable at c. £16.7m. Increases in both short term debtors and creditors, of £8.7m and £9.1m respectively, are evident, which, as at other councils this year, are largely due to the impacts of the Covid-19 funding arrangements.

The most significant change in the balance sheet relates to movements in the Council’s share of the pension fund net liability (being a deficit position) of £42.7m, up from £34.3m in the prior year. It is not unusual to see material movements in the net pension liability and this is consistent with our experience at other local authorities. The deficit position is not unusual and is a recognised area of financial challenge for local authorities.

The Council’s useable reserves have increased from £16.5m to £22.3m in 2020/21, with:

- General Fund & Earmarked Reserves of £20.7m, up from £15.3m in the prior year; and
- Capital Reserves of £1.4m, up from £0.9m in 2019/20.

These reserves provide some mitigation against future financial challenges, and will assist in addressing future volatility and support savings and efficiencies plans and the capital programme. The Council will need to continue to ensure that any use of reserves to smooth the financial position over the next few years is properly planned and the use of reserves cannot be relied on to provide a long term solution to funding gaps. Notwithstanding this, our work has not highlighted a risk of significant weakness in the Council’s arrangements for ensuring financial sustainability.

### Financial planning and monitoring arrangements

In March 2020 the Council set a balanced budget for the 2020/21 financial year and during the year reported its financial position through the quarterly financial performance reports.

We reviewed performance reports issued to the Cabinet during the year as well as performing audit work over the going concern assertion as part of our work on the financial statements. A final report covering the whole year and outturn went to Cabinet in December 2021 and we are satisfied that the reports adequately contain detail on financial performance, including variances to budget. The reports also contain information on progress against the capital programme and reasons for over or underspends against the budget profile to provide adequate scrutiny and oversight in this respect. The year end position is also presented in the financial statements.

**Improvement opportunity: Whilst not inadequate, the quarterly finance report is not particularly well laid out and the Council would benefit from updating its report format to be clearer and more informative.**

We have considered the arrangements in place in respect of budget management as part of the Governance criteria on page 11 and not identified any significant weaknesses.

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# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria (continued)

### Arrangements for the identification, management and monitoring of funding gaps and savings

The Medium Term Financial Strategy (MTFS) is a five year plan which sets out the Council’s commitment to provide quality services that meet the needs of people locally and that represent good value for money within the overall resources available to it.

A key part of the strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to both capital and revenue spending as well as assessing whether sufficient reserves and provisions are held for past and unknown events which may impact on the Council’s resources. The MTFS is prepared alongside other plans and strategies (for example the Capital Strategy incorporating the Asset Management Plan and Treasury Management Strategy).

The Council has in place an embedded budget setting process which begins in July with approval being sought for the assumptions and principles on which the budget is to be based. These are used as a part of the determination of the overall budget position. As part of the process opportunities for cost reductions, income generation and alternative methods of service delivery such as partnership working are identified.

Within the arrangements a process is in place for challenging any growth items and agreeing the achievability of planned savings.

### Arrangements and approach to 2021/22 financial planning

The arrangements for the 2021/22 budget setting process have largely followed the arrangements in place for 2020/21 but with a better understanding based on the experiences during the year of the impact of Covid-19 on the Council’s services. There were still though a number of unavoidable uncertainties regarding likelihood and impact of any future lifting of restrictions or lockdowns, and the availability of any further government support.

A balanced budget for 2021/22 was approved at the March 2021 Council meeting alongside the updated MTFS, with no unidentified savings targets being required. There is an acknowledgement in preparing the plan that the roll over of the Local Government Funding Settlement meant that some of the expected changes from the Business Rates Reset and Review of Relative Needs and Resources (formerly known as the ‘Fair Funding Review’) were not enforced. Changes in these areas, in addition to the continued receipt of the New Homes Bonus scheme funding, were regarded as a risk through expected loss of funding so their deferral represented a gain to the Council’s immediate financial position. The continuing uncertainty does make though strategic financial planning difficult for Councils, particularly in relation to its General Fund services.

Whilst a balanced revenue budget for 2021/22 was approved savings requirements in subsequent years are evident. These are partly offset by savings expected to be delivered following the Council’s decision to join the Public Sector Partnerships Services Ltd. arrangement, in respect of shared back office services, although further savings are still needed, with £0.8m required in 2022/23 falling to some £0.5m thereafter. The Capital Programme detailed that £4.5m would be spent over the next five years delivering a number of schemes to improve the district.

We have reviewed the MTFS and supporting reports to Council in March and are satisfied that it adequately explained the financial risks and that the main financial assumptions were not unreasonable.

**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

### Risk management and monitoring arrangements

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of effectiveness, economy and efficiency. In doing this it is responsible for putting in place proper arrangements for the governance of its affairs, effective exercise of its functions and arrangements for the management of risk.

The Council has an established risk management framework and systems in place which are built into the governance structure of the organisation. The Council's Constitution details that the Audit and Governance Committee is responsible for overseeing the Council's risk management arrangements.

The Council has adopted a Risk Management Strategy which sets out its approach to managing risk. To identify and manage strategic, operational and project risks the Council utilises a risk assessment approach with details recorded in a risk register. Risk registers are reviewed quarterly but can be updated at any time to reflect identified risks. We have reviewed the Strategic Risk Register and determined it is adequate for the Council's purposes and consistent with sector norms.

The Audit and Governance Committee receives quarterly reports on the Council's Strategic Risks and provides oversight on the risk management arrangements in place and the adequacy of the controls and proposed actions. These arrangements are consistent with what we would expect at a local authority and are adequate for the Council's purposes. From our attendance at these meetings, we have seen Members challenge the scores and key risk management activities to gain assurance about the effectiveness of the arrangements in place.

### Internal Audit

In order to provide assurance over the effective operation of internal controls the Council has engaged City of Lincoln Council to provide its internal audit service. City of Lincoln's Audit Manager acts as Head of Internal Audit. The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by the Audit and Governance Committee prior to final approval.

The audit plan is based on an assessment of risks the Council faces and is designed to ensure there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work can be supplemented if necessary by ad hoc reviews in respect of suspected irregularities and other work commissioned by Officers and Members of the Council where relevant to respond to emerging risks and issues. We have reviewed the Internal Audit plan for 2020/21 and confirmed it is consistent with the risk based approach.

Internal Audit progress reports are presented to Audit and Governance Committee meetings including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Internal Audit provides an Annual Report including an opinion on the Council's governance, risk and control framework based on the work completed during the year.

The Head of Internal Audit Annual Report was presented to Audit and Governance Committee in May 2021. We have read the annual report, where, based upon the work undertaken by Internal Audit during 2020/21, the Head of Internal Audit's overall opinion on the Council's control environment is:

- "Governance: Performing Well"
- "Risk: Performing Well"
- "Internal Control: Performing Adequately"
- "Financial Control: Performing Well".

The Council is part of the County Fraud Partnership, has an Anti Fraud and Corruption Policy and a Whistleblowing policy. The Council carries out proactive anti-fraud work, such as the regular Council Tax Single person discount reviews, and partakes in the bi-annual National Fraud Initiative. An annual fraud report is taken to the Audit and Governance Committee. We have reviewed the Annual Fraud Report 2020/21 and have not identified any significant concerns with these arrangements.

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria (continued)

Throughout the year we have attended Audit and Governance Committee meetings. Through attendance at these meetings we have confirmed that the committee receive regular updates on both internal audit progress and risk management. We have seen active Member engagement from the Audit and Governance Committee who challenge the papers and reports which they receive from officers, internal audit and external audit.

### Arrangements for budget setting and budgetary control

The Council has an established set of arrangements in place for budget setting and control. The process is set out and approved through the Constitution, which encompasses the Budgetary and Policy Framework rules. The framework includes clear responsibilities, including the role of the S151 Officer in leading the budget setting process and providing professional advice, review by the appropriate Overview and Scrutiny Committees and Audit and Governance Committee and the reservation of the approval of the Budget to the Council based on the Cabinet’s recommendation.

Following approval of the budget, budget monitoring commences to monitor progress against targets. Budget monitoring responsibilities of budget holders are documented and they are supported in this role by the finance team. Budget monitoring reports are produced on a monthly basis and there are regular meetings held, including finance team members, to discuss the financial performance and forecasts. There are rules in place regarding the reporting of budget variances and the requirement to operate within approved budgets.

There are similar processes and controls in place for development and control of the capital programme alongside the revenue budget setting.

We have reviewed minutes of meetings and the year end reports presented to the Cabinet as well as the narrative statement within the financial statements. Financial performance is presented in the same report as service performance and risks providing sufficient and adequate correlation for member oversight. Each report summarises the financial position of the Council and is supported by a set of appendices that enable Members to adequately assess budget performance. As previously noted, we believe there is an improvement opportunity in the format and quality of finance these finance reports.

We have reviewed capital expenditure as presented in the financial statements and no issues arose from our testing of additions. We have confirmed regular monitoring of the capital programme exists, including the outturn report. In the main, the capital programme for 2020/21 was met, albeit with £1.4m slippage into 2021/22 relating to the delivery of disabled facilities grant schemes and investment in IT upgrades. The reports provide sufficient detail to understand the programme as a whole, as well as the current position and any significant matters arising.

Our review of in-year budget monitoring and discussions with officers confirms the Council’s approach is consistent with the approach taken at other local authorities, and indicative of adequate arrangements in place.

### Arrangements for financial reporting

As explained in the 2020/21 Audit Completion Report presented to the March 2022 meeting of the Audit and Governance Committee, there have been considerable delays over the audit of the 2020/21 financial statements. This included insufficient working papers and material errors to correct, mainly caused by the loss of key financial reporting staff post year-end, but prior to the date the audit was due to commence (June 2021).

The situation was rescued by PSPS, who provided considerable support to the audit team in resolving the issues arising, albeit over a much delayed period.

**Improvement opportunity: We have discussed the performance with Officers and raised specific recommendations in our Audit Completion Report. Officers have given us assurance that the situation will be improved for 2021/22.**

Because we did not experience such issues in 2018/19 or 2019/20, and we have received said assurance from Officers on improvements to be made, we have determined that this situation does not give rise to a significant weakness in arrangements, however we may change that view should the position not improve in 2021/22.

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria (continued)

### Capital Financing and the Minimum Revenue Provision

Where local authorities fund capital expenditure from borrowing, the associated revenue charge of this borrowing is normally through a Minimum Revenue Provision (MRP) rather than depreciation. The total capital expenditure not yet financed is called the Capital Financing Requirement (CFR). Prior to 2008, the calculation of MRP was specified in law, based on 4% of the CFR. Since then, local authorities have had greater flexibility to adopt their own approach.

The Council's Capital Financing Requirement is set out at Note 37 of the financial statements:

	2020/21 (£'000)
<b>Opening Capital Financing Requirement</b>	<b>20,369</b>
Capital Investment in 2020/21	3,437
Sources of finance	(1,447)
Sums set aside from revenue:	
Direct revenue contributions	(1,990)
Minimum Revenue Provision	(65)
<b>Closing Capital Financing Requirement</b>	<b>20,304</b>

As confirmed through our prior year audits, the Council's current MRP policy is underpinned by formal advice and a MRP charge of £65k has been made in 2020/21, with £15k relating to a loan made in 2017/18 and £50k in recognition of the loss of capital value of the property funds. No MRP charge has been made in respect of the Council's underlying borrowing in relation to its property fund holdings. The Council's current approach does not give rise to a significant weakness in arrangements.

In November 2021, the Government launched a consultation which effectively requires an MRP charge on all items of capital expenditure and removing the concept of using future capital receipts to offset the need for an MRP. Prior to the adoption of the MRP policy post consultation, we suggest the Audit & Governance Committee should be briefed on the changes to the prudential framework and the potential impact to provide assurance that the Council's approach is compliant with legislation and to enable the Committee to understand the compliance with, and attitude towards, MRP guidance.

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria (continued)

### Decision making arrangements and control framework

The Council has an established governance structure in place which is set out within its Annual Governance Statement (AGS).

The AGS is a critical component of the Council’s governance arrangements. It is an evidenced self assessment by the Council on the Council’s governance, assurance and internal control frameworks for the financial year. As such, those who are responsible for those arrangements must approve it and in this respect it is formally signed by the Joint Chief Executive and the Leader of the Council. This emphasises that the document is about all corporate controls and is not just financial controls. We reviewed the AGS as part of our work on the financial statements with no significant issues arising.

The governance structure, as described in the AGS includes amongst other things the Constitution, the Code of Corporate Governance and scheme of delegation, which shows the levels of authority required for all key decisions. The AGS sets out the governance principles which the Council are committed to and within which the Council conducts its business and affairs. The AGS identifies the arrangements in place to enable the Council to meet the good governance principles identified.

We reviewed the AGS and observed the Audit and Governance Committee’s review of the AGS and monitoring of actions throughout the year in relation to any significant governance issues.

The Constitution is kept under review and updated as required. The Constitution sets out how the Council operates, how decisions are made and the procedures to support the Council’s aims of being transparent and accountable. The Constitution includes the Budget and Policy Framework Procedure Rules, Financial Procedure Rules and Contract and Procurement Procedure Rules and the Member Code of Conduct.

There are Overview and Scrutiny Committee arrangements in place to support the work of the Cabinet and the Council as a whole. The committees have work programmes in place to steer their coverage of services and policy decisions taken. The Constitution includes the Overview and Scrutiny Procedure Rules, which cover the arrangements for call in of decisions. We have reviewed the Overview Committee’s minutes throughout the year and not identified any concerns.

The Council’s Monitoring Officer has three main roles: To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration; To be responsible for matters relating to the conduct of Councillors and officers; and To be responsible for the operation of the Constitution.

### Regulators

There are few external regulators for district councils and we have not identified any matters reported which indicate significant weaknesses in the Council’s governance arrangements, including a review of the Local Government and Social Care Ombudsman’s (LGSCO) 2020/21 report.

**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

### Performance Management

The Council's Cabinet receive quarterly reporting on progress against the corporate plan. The Council's budget endeavours to ensure the provision of the appropriate resources required to deliver the Council's Plan, and the types of action necessary to enable them to be affordable, to allow balanced budgets to be delivered.

We have reviewed the year-end performance report provided to Cabinet. Our review of the report shows it is sufficiently detailed to enable scrutiny and challenge. Our review of these documents confirms adequate arrangements are in place to integrate service planning to the corporate plan as well as reporting progress against said plan to Members and the wider public.

### Partnerships

The plan to form a strategic alliance between Boston Borough Council and East Lindsey District Council was considered by Councillors from both Authorities over June 2020. We read the proposal approved by Boston Borough Council and the approved minutes.

Proposals estimate savings of around £1.8m per year once implemented (£15.45m over 10 years between the Councils split 67% East Lindsey District Council and 33% Boston Borough Council based on population size) and would start with the appointment of a Joint Chief Executive/Head of Paid Service, Joint Monitoring Officer and Joint Section 151 Finance Officer (all statutory positions) before the wider joining of forces in other areas of the Councils' activity, including a shared Management Team. With regard to costs, Members have been informed that these had been tested by external legal advisors.

In June 2020, the Council requested an amendment to the Memorandum of Agreement, which would provide Boston Borough Council with the option of ending the Alliance after 12 months on the giving of three months' notice; and the introduction of a Council Management Scrutiny Committee to scrutinise the evolution of the joint management team and inform any future decisions related to the Alliance.

In August 2021, the South & East Lincolnshire Councils Partnership, between East Lindsey District Council, Boston Borough Council and South Holland District Council - was agreed by all three member Councils. A Memorandum of Agreement between all three councils was signed at the end of September, with the Partnership officially coming into being from October 1, 2021.

Based on our review of the proposals, there is no indication of a significant weakness in arrangements for 2020/21.

### Procurement

Financial regulations and procedures apply to all Members and employees in the work they do for the Council and the Council has arrangements for financial instructions and purchase order controls. Our work on the financial statements has not identified any significant internal control deficiencies.

**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.

We have not exercised any of these statutory reporting powers.

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. We did not receive any such objections or questions.

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

We have not yet received group instructions from the National Audit Office confirming their requirements in relation to the Council's Whole of Government Accounts. We are unable to issue our audit certificate until this is formally confirmed.

## 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 and Audit Completion Report. We expect our final audit fees to be as follows.

Fee variation category	Definition	2019/20	2020/21	Recurrent to 2021/22?
<b>Scale fee</b>		<b>33,961</b>	<b>33,961</b>	
<b>Pension Valuation</b>	Additional work in relation to responding to increased regulatory challenge in auditing the IAS19 pension figures contained within the financial statements.	2,998	3,000	Yes
<b>PPE Valuation</b>	Additional work in relation to responding to increased regulatory challenge in auditing the PPE figures contained within the financial statements.	3,196	3,200	Yes
<b>Quality or preparation issues</b>	Additional work in relation to delays, problems and/or issues experienced during the audit as a result of poor working papers/quality of responses, slow response times to requests or delayed/rescheduling of audit. <i>This covers audit rescheduling, poor quality working papers, slow responses and the correction of material errors, prior period adjustments, and significant manager and partner time to resolve these.</i>	-	13,500	No
<b>VFM commentary</b>	See separate report which sets out the ranges for this work. <a href="https://www.psaa.co.uk/additional-information-for-2020-21-audit-fees/">https://www.psaa.co.uk/additional-information-for-2020-21-audit-fees/</a>	-	9,300	Yes
<b>COVID-19</b>	Additional work in relation to responding to the impact of Covid-19, both on the financial statements and performing of the audit. e.g. risk assessments/arrangement checklists performed, PPE/pensions valuations work undertaken (Emphasis of Matters), audits taking longer due to impact of remote working.	4,493	1,200	No
<b>ISA540</b>	See separate report which sets out the ranges for this work. <a href="https://www.psaa.co.uk/additional-information-for-2020-21-audit-fees/">https://www.psaa.co.uk/additional-information-for-2020-21-audit-fees/</a>	-	3,000	Yes
<b>McCloud/ Goodwin</b>	Additional work in relation to responding to the McCloud legal ruling which had implications for pension schemes.	539	-	No
<b>Other</b>	Additional work in relation to any work that is not separately covered by the categories shown here. Additional testing of Covid-19 grant income and expenditure	-	3,180	Possible
<b>Sub-total</b>		<b>11,226</b>	<b>36,380</b>	<b>-</b>
<b>Total</b>		<b>45,187</b>	<b>70,341</b>	<b>-</b>

Fee variations subject to approval and confirmation by Public Sector Audit Appointments Limited.

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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.