Auditor's Annual Report

City of Lincoln Council – year ended 31 March 2022

January 2024



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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

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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 City of Lincoln Council ('the Council') for the year ended 31 March 2022. 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 December 2023. Our opinion on the financial statements was unqualified.



Value for Money arrangements

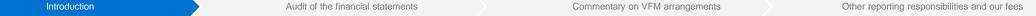
In our audit report issued, on 13 December 2023, we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements. No significant weaknesses in arrangements were identified and there are no recommendations arising from our work.



Wider reporting responsibilities

The National Audit Office has not yet finalised 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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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 2022 and of its financial performance for the year then ended.

Our Audit Completion Report to the November 2022 Audit Committee included an update on the audit status, our conclusions on the identified audit risks and areas of management judgement, internal control recommendations and audit misstatements identified during the course of the audit.

The issue of the audit opinion was though significantly delayed beyond November 2022 due to a national issue relating to the Pension Fund 2022 Triennial Valuation which impacted all audits which were in progress when the valuations were reported in March 2023. The valuations showed material movements in the estimated 31 March 2022 net liability valuation, largely due to updated membership details. The Regulators and audit suppliers confirmed in May 2023 the way forward to address this. Councils were required to obtain updated IAS19 valuation reports and amend the draft financial statements for the new figures. Pension Fund auditors also needed to complete testing on the reliability and accuracy of the updated pension fund membership data used by the Actuary as part of the 2022 Triennial valuation. The additional work was completed in September 2023 and the adjustments required to the draft financial statements agreed with Management.

We issued a follow-up letter to our Audit Completion Report in September 2023 which updated the Audit Committee on the matters originally reported in November 2022 and the matters identified since then. Our audit report, issued on 13 December 2023 gave an unqualified opinion on the updated financial statements for the year ended 31 March 2022.

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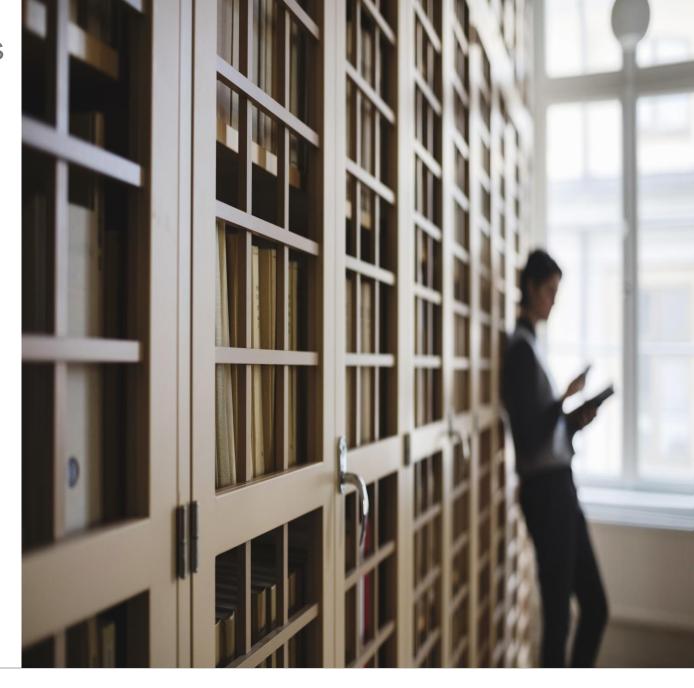
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Section 03:

Commentary on VFM arrangements

3. Commentary on VFM arrangements

Overall summary



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.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?	
Financial sustainability	11	No	No	
Governance	14	No	No	
Improving economy, efficiency and effectiveness	17	No	No	

Introduction

Audit of the financial statements

Commentary on VFM arrangements



3. VFM arrangements – Overall summary

Context of the Auditor's Annual Report

Our Auditor's Annual Report summarises the work we undertook as the auditor for City of Lincoln Council for the year ended 31 March 2022. At the time of reporting in December 2023 we recognise that the social, political and economic environment has continued to change and local government is facing significant ongoing challenges including:

- Cost of Living: With most people experiencing financial pressure, spending habits are changing. High energy costs and increasing food prices have impacted on levels of disposable income. With wage (and potentially benefit) increases failing to keep pace with inflation, more people will be facing hardship.
- Added budget pressures: With inflation soaring, the cost of goods, services and resources are becoming more expensive. Local authorities are not immune to the increasing cost of energy supply, although the government announcements on energy caps help, many local authorities are still facing higher costs. Local authorities typically budget for modest salary increases year on year, but expectations and demands on salary increases have changed and consideration on how they are to be funded is required.
- Cost of Borrowing: After a long period of low rates the Bank of England base rate rose from 0.25% at the start of 2021/22 to 5.25% at August 2023 (where it remains) meaning that the cost of borrowing has increased significantly.
- Contractors and Suppliers: The cost-of-living crisis has resulted in business failures. Although government support has been announced, some businesses will continue to struggle, with a greater risk of supplier failure. Supply failures anywhere in the supply chain will have a knock-on effect.
- **Service Delivery**: Likely budget reductions and savings plans are going to impact the ability of local authority services to maintain levels of delivery, particularly at a time of increased demand.

We maintain a watching brief over the key issues facing the Council and, should we identify a risk of significant weakness in arrangements, will follow the process as described at page 9 to promptly raise these with management and issue any reports to the Audit Committee as part of our reporting on the arrangements for 2022/23.

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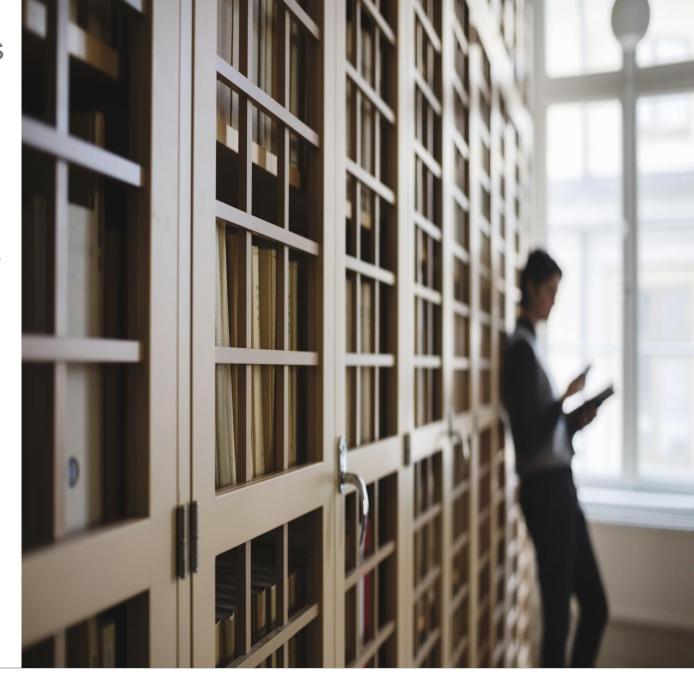
Other reporting responsibilities



3. Commentary on VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to the Council's operating environment in 2021/22

The Council entered 2021/22 with the Covid-19 pandemic still significantly impacting daily lives although the national restrictions and safety measures were steadily being relaxed as the Country sought to recover from a very difficult period. The Council was continuing to deal with a wide range of issues to support local residents and businesses and had an improving understanding of the issues faced in the emerging post-pandemic environment.

2021/22 Financial statement performance

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

The Council's financial position as reported in the balance sheet does not give us cause for concern relating to financial stability. Net current assets were £17.4m (£19.7m at end of previous year), with cash and short term investments increasing by £15.2m.

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 £84.9m, down from £106.1m in the prior year. This reflects the £5.1m reduction in the estimated present value of the pension obligation and the £16.0m increase in the estimated Council's share of the Pension Fund assets. 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 longer term financial challenge for local authorities.

The Council's useable reserves totalled £50.1m at the end of 2021/22 (£52.4m at the end of the previous year), with:

- General Fund and Earmarked Reserves of £21.2m (£28.7m in previous year); and
- Capital Receipts and Grants Reserves of £7.8m (£8.5m in previous year)
- Housing Revenue Account Balances of £21.1m (£15.2m in previous year).

These reserves provide some mitigation against future financial challenges, and include specific reserves

(COVID Recovery Reserve £1.1m, COVID Response Reserve £0.3m Invest to Save Reserves £0.4m, Vision2025 £0.7m) to address future volatility, investment and support savings and efficiencies plans. 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 2021 the Council set balanced General Fund and Housing Revenue Account budgets for the 2021/22 financial year. During the year the Council reported its financial position through the quarterly financial performance reports and the Executive and Performance Scrutiny Committee maintained close oversight on performance. We reviewed a sample of reports presented for 2021/22, which contain detail on any significant variances to budget and budget revisions, use of earmarked reserves and updates on performance against savings targets. The reports also contain relevant information on progress against the approved capital programme. We have further considered the arrangements in place in respect of budget management as part of the Governance criteria on page 14 and not identified any significant weaknesses.

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

The Medium Term Financial Strategy (MTFS) is a current plus four year plan which sets out the Council's commitment to provide 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 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 workforce planning and Capital and Investment Strategies). There is a process in place for challenging any growth items and agreeing the achievability of planned savings.

There is a 30 year Housing Business Plan in place to shape the Council's Housing service. The Business Plan is linked to the Council's MTFS and Capital Strategy.

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

Arrangements and approach to 2022/23 financial planning

The arrangements for the 2022/23 budget setting process largely followed the arrangements in place for 2021/22.

Balanced 2022/23 General Fund and Housing Revenue Account budgets were approved at the March 2022 Council meeting with any required savings expected to be covered by actions in hand.

The Executive has reviewed budget performance, progress against the savings programme and approved any budget updates as part of its quarterly reviews during 2021/22. We have reviewed these reports and not identified any significant concerns regarding the 2021/22 financial plans and performance to date which indicate weaknesses in the Council's arrangements. There was an acknowledgement in preparing the MTFP that the roll over of the Local Government Funding Settlement meant that some of the expected changes from the Fair Funding Review and in relation to New Homes Bonus and any Business Rates reset were not enforced. Changes in these areas were regarded as a risk through expected loss of funding so their deferral represented a gain to the Council's immediate financial position.

Alongside this the report highlights the challenging national economic position with pay and price inflation, particularly for fuel and utilities, already high and forecast to rise to increase to potentially record levels. These factors and the continuing uncertainty makes strategic financial planning difficult for Councils. The Council has delivered significant savings over the life of its Towards Financial Sustainability Programme and the MTFS acknowledges the increasing difficulty in finding additional efficiency savings. The Programme focuses on the two strands of exploiting opportunities through 'One Council' working, and withdrawing from or reducing the level of service in non-priority or unaffordable areas. The updated MTFS approved in March 2022 identified that the savings requirement by 2026/27 was around £1.5m, with £0.8m already delivered. As described above, the Council has established reserves to support its planned transformation and savings process, has identified the need to invest in regeneration and growth to increase the underlying tax bases. and is focused on measures to reduce it's net cost base to ensure it has a sound and sustainable financial position.

The Executive and Performance Scrutiny Committee quarterly monitoring process has continued throughout 2022/23, a period in which inflation, increasing energy prices and nationally agreed pay settlements placed significant cost pressures on the Council's budgets. At the end of Q2 these and other factors were contributing to a forecast General Fund deficit for the year of £0.9m. The Council took a number of steps to mitigate these difficulties and at the end of Q2 the 2022/23 forecast deficit had improved to £70k. The report sets out the

budget risks going forwards and summarises progress against the capital programme and the steps being taken to rephase the profile of the projects to reflect the updated expected delivery timescale.

Based on the above considerations we are satisfied there are no significant weaknesses in the Council's arrangements in relation to financial sustainability.

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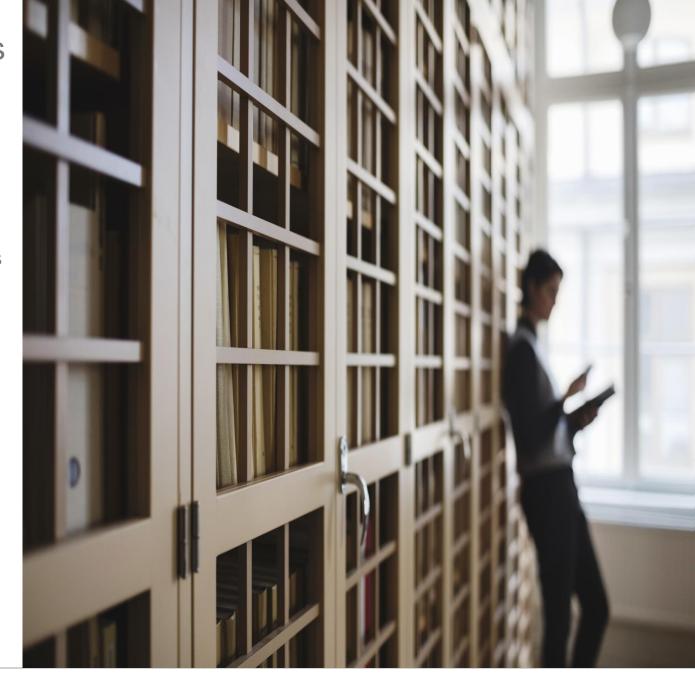
Commentary on VFM arrangements



3. Commentary on VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Risk management and monitoring arrangements

The Council has an established risk management framework and systems in place which are built into the governance structure of the organisation. Management monitor controls and processes through supervisory reviews, checks and system reporting. There are Strategic and Directorate Risk Registers in place, together with specific programme and project registers for major initiatives. The Strategic Risk Register is kept up to date by the Corporate Leadership Team and reported to the Executive. The Strategic Risk Register is reviewed to ensure it reflects the circumstances in which the Council operates and the different challenges and opportunities it faces. The Audit Committee reviews the effectiveness of the Council's arrangements and receives an annual risk management report.

In order to provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud, the Council has an Internal Audit team, which also works in partnership with Assurance Lincolnshire to deliver internal audit services to other councils. The Audit Manager acts as Head of Internal Audit and the service has been externally assessed against the Public Sector Internal Audit Standards. The annual Internal Audit plan is reviewed and agreed by the Audit Committee at the start of the year.

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 plans for 2021/22 and 2022/23 and confirmed they are consistent with the risk based approach.

Internal Audit progress reports are presented to each Audit Committee meeting 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 Audit Manager (as Head of Internal Audit) provides an Annual Report including an opinion, based on the work completed during the year, on the overall adequacy and effectiveness of the council's control environment. For 2021/22 the Audit Manager concluded that the Governance, Risk, Internal Control and Financial Control arrangements were 'performing well' and there were no concerns that significantly affected the governance framework and successful delivery of the Council priorities. Internal control was assessed as 'performing adequately', based on the ratings for the reports issued in they year. These 2021/22 ratings were unchanged from the previous year.

The Council has a Counter Fraud Policy and a Whistle Blowing Policy. These policies and the Fraud Risk Register have been reviewed by the Audit Committee during 2021/22. The Council carries out proactive anti-

fraud work and partakes in the bi-annual National Fraud Initiative. The Council is a member of the Lincolnshire Counter-Fraud Partnership. We have reviewed the counter fraud arrangements in place for 2021/22 and have not identified any significant concerns.

Throughout the year we have attended Audit Committee meetings and confirmed that the committee receive regular updates on both internal audit progress and risk management. We have seen active Member engagement from the Audit 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 budget setting rules and financial procedures. The framework includes:

- Clear responsibilities, including the role of the Section 151 Officer in leading the budget setting process and providing professional advice, and the reservation of the approval of the Budget to the Council.
- Budget setting guidance to managers, with the process normally starting well ahead of the year-end to get
 an early understanding of the key relevant factors and future budget requirements. Although existing
 budgets are in most cases used as a basis determining the next year's estimates they are not merely rolled
 forward with early challenge to staff number assumptions and growth and savings proposals.
- Close working between the finance team and with external advisors and neighbouring councils to agree the key budget assumptions, which are challenged and agreed through the budget review process by Management, Executive and Council.

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. Budget holders have online access to live financial information through the general ledger. There are rules in place regarding the reporting of budget variances and budget changes.

There are similar processes and controls in place for development and control of the capital programme alongside the revenue budget setting. The Treasury Management, Capital and Investment Strategies are approved at the same time as the revenue budgets and monitored and reported on throughout the year.

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Audit of the financial statements

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria (continued)

Arrangements for budget setting and budgetary control (continued)

Quarterly Financial performance monitoring reports are presented to the Departmental and Corporate Management Teams, Performance Scrutiny Committee and then the Executive. The reports cover General Fund, Housing Revenue Account and Housing Repairs Service spend and income to date and forecast against budget and Capital Programme progress. Forecasted significant variations are investigated and reported on, together with any corrective action being taken. The reports also cover progress against savings targets and planned use of or contributions to reserves. The finance reports are presented alongside quarterly service performance reports so they can be reviewed against the relevant operational context. Our review of the relevant meeting minutes confirmed there was challenge and scrutiny of the process.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has published its Financial Management (FM) Code to provide guidance for good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The first full year of compliance with the FM code was 2021/22. We reviewed the Chief Finance Officer's report to the Audit Committee setting out their assessment of the Council's compliance in 2021/22 with the standards set out in the Code, and considered the disclosures made in the 2021/22 Annual Governance Statement. The assessments show that the Council complies with the majority of the Code requirements already and management is continuing to work to address the small number of areas for improvement identified. The Audit Committee received an update on continuing progress at its March 2023 meeting and no significant weaknesses were identified.

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

The governance structure, as described in the AGS includes the Council's Code of Corporate Governance, the Constitution and the scheme of delegation which shows the levels of authority required for all key decisions, the Council's Strategic Plan (Vision 2025) and supporting delivery plans.

The Council's Code of Corporate Governance sets out the governance principles which the Council are committed to and within which the Council conducts its business and affairs. The Code identifies the arrangements in place to enable the Council to meet the good governance principles identified. The Code has

been reviewed and updated in 2022 and 2023. There are arrangements in place for ensuring Councillors are aware of the behaviours expected under the Member Code of Conduct, and for investigating and considering any complaints made about Councillors. The Member code of Conduct is overseen by the Ethics and Engagement Committee.

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 and Contract Procedure Rules, Officer Employment Procedure rules, and the Member and Officer Codes of Conduct. The Constitution also sets out the rules and process for Decisions to be 'called in' by Committees.

The Scrutiny Committee arrangements have been shaped to reflect Council priorities with there being four themed Committees to review and scrutinise the discharge of the Executive's functions and the effectiveness of the Council's functions. The Audit Committee provides further focus on risk, governance and control matters. The Scrutiny Committees have work programmes in place to steer their coverage of services and Executive key decisions and issue Annual Reports on their activities. We have reviewed the Scrutiny Committees' minutes throughout the year and not identified any concerns.

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. We reviewed the Local Government and Social Care Ombudsman's (LGSCO) 2021/22 report The report does not highlight any significant concerns in relation to the Council's governance arrangements.

Based on the above considerations we are satisfied there are no significant weaknesses in the Council's arrangements in relation to governance.

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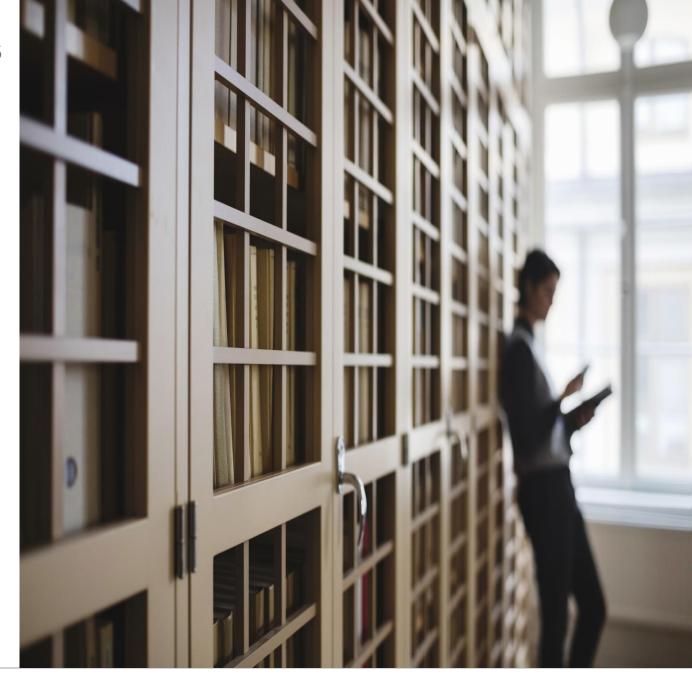
Commentary on VFM arrangements



3. Commentary on VFM arrangements

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

Performance Management

The Council's Strategic Plan, Vision 2025, sets out the Council's priorities and objectives for the five year period covered by the plan, including the values which underpin the overarching vision of 'delivering Lincoln's ambitious future'. The Plan provides a basis for Council's service and financial planning arrangements The Vision has 5 strategic priorities which cover economic growth, inequality, housing, climate change and 'place'. The Council has identified the key performance indicators, and target levels of performance, in relation to these priorities. The performance targets are informed by national standards, local benchmarking and experience and subject to initial challenge and confirmation.

The Council has in place a performance management framework which includes identified responsibilities of managers and processes for regular performance reporting and corrective action if required. The Vision 2025 Annual Delivery Plan feeds directly into service plans. The Council has a Performance Information Management System. It holds a set of 82 measures which are assessed quarterly or annually. There is quarterly reporting on these measures, alongside the quarterly budget monitoring, to the Performance Scrutiny Committee and Executive. These quarterly reports take the form of a dashboard and identify whether the performance is acceptable, above or below target. The quarterly reports include an appropriate commentary to explain any significant factors which are affecting performance and actions being taken to correct performance.

On an annual basis, the Council's overall performance is summarised in the Narrative Report as part of the Statement of Accounts. This outlines the Council's progress against its ambitions, highlighting key actions that have been made in response to their progress. This provides the public with an overall assessment of the Council activities for the financial year.

We have reviewed a sample of the quarterly performance reports and the Executive and Performance Scrutiny minutes which show member challenge of the reported performance. The quarterly reports demonstrate that performance has been managed throughout the 2021/22 year and any significant variances have been justified, with no major unexpected gaps in performance at the year end. The performance management framework has continued to operate as expected in 2022/23. The latest performance reports do not highlight any major concerns, with management focused on improving any areas at risk of not being on target by the end of the year. Overall, we believe there is sufficient evidence to demonstrate adequate arrangements for performance monitoring and management at the Council.

Partnerships

There are a number of significant partnership arrangements in place, through which the Council works to deliver services in line with its ambitions and priorities. These include a collaborative arrangement with North Kesteven and West Lindsey District Councils to provide the Central Lincolnshire Joint Planning Unit as well as an arrangement with North Kesteven to provide a shared Revenue and Benefits Service. This shared service is hosted by the City of Lincoln Council. Both of these arrangements are governed through a Joint Committee representing each of the partner authorities. There is Partnership Guidance in place to support managers and provide a framework for the Council's work with partners. Mechanisms have been established to manage the performance of the authority's significant Partnerships and for the Audit Committee to consider annual assurance assessments. The Council is the accountable body for the Lincoln Town Deal programme and governance and performance management arrangements have been established to progress the associated projects. We reviewed a sample of the minutes and reports of the Town Deal Board during 2021/22 and to date and not identified any concerns regarding the arrangements in place.

Procurement

The Council's Contract Procedure Rules form part of the Council's Constitution, this takes into account latest legislative and operational changes at the Council, and provide a corporate framework for the procurement of goods, works and services. This is set to be reviewed in light of the Transforming Public Procurement Green Paper. There are also controls in place designed to ensure that all procurement activity is conducted with openness, honesty and accountability. accountability The Council's Internal Audit team gave an 'substantial' assurance rating following their latest review of the Procurement Service. There are regular contract management meetings lead by council officers to ensure major contracts are being delivered as expected and if needed to escalate any concerns at an early stage. Post implementation reviews are regularly carried out by officers on specific major projects to ensure the expected benefits have been achieved and any significant lessons learned to inform future contracts.

Based on the above considerations we are satisfied there are no significant weaknesses in the Council's arrangements in relation to improving economy, efficiency and effectiveness.

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04

Section 04:

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 completed the procedures required by the National Audit Office in relation to the Council's Whole of Government Accounts. We will update the Council when this work has been completed.

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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 presented to the Audit Committee in July and December 2021 respectively. We expect our final audit fees to be as follows.

Area of work	2020/21 fees	2021/22 fees
Scale fee in respect of our work under the Code of Audit Practice	36,332	36,332
Additional work to reflect the Council's designation as a Public Interest Entity	5,000	5,000
Additional testing as a result of changes arising from increased audit quality expectations involving the work on the valuation of land and buildings and on the local government pension scheme	7,067	7,100
Additional testing as a result of the implementation of new auditing standards	2,800	2,800
Additional testing as a result of the pension triennial valuation	-	3,900
Additional testing as a result of COVID-19 grant income	1,500	-
Additional work as a result of the new Code of Audit Practice and VFM reporting	9,293	8,000
Total fees	61,992	63,132

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^{*} Fee variations subject to approval and confirmation by Public Sector Audit Appointments Limited.

4. Other reporting responsibilities and our fees

Fees for other work

We confirm that we undertook the following non-audit services for the Council in the year.

Certification of the 2020/21 Housing Benefit Subsidy Claim £6,900

Pooling of 2020/21 Housing Capital Receipts Return £3,250

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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.

