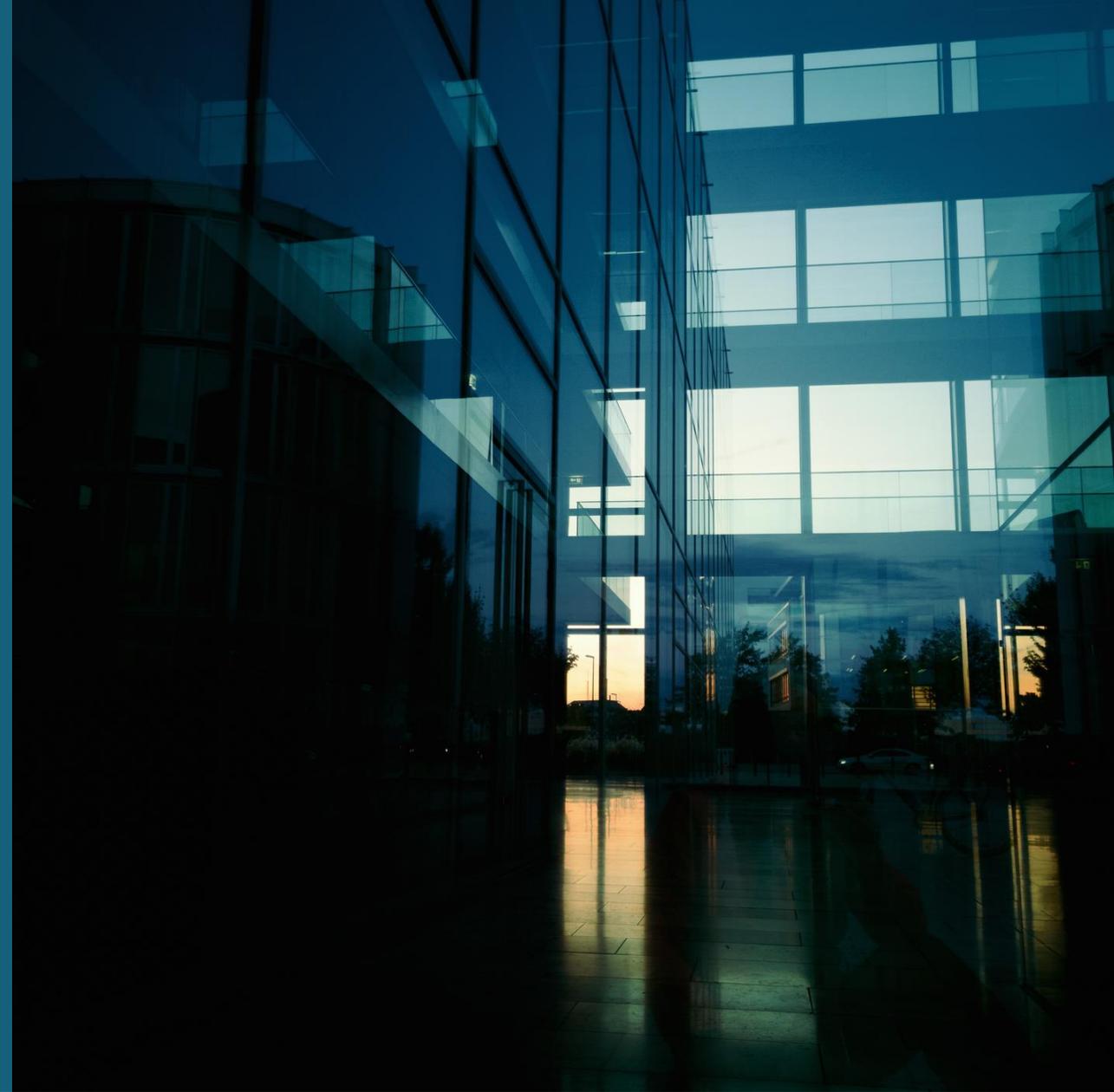


# Auditor's Annual Report

North East Lincolnshire Council – year  
ended 31 March 2021

March 2022



# Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on value for money arrangements
- 04** Other reporting responsibilities

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of North East Lincolnshire Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales

# 01

## Section 01: **Introduction**

# 1. Introduction

## Purpose of the Auditor's Annual Report

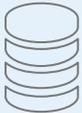
Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for North East Lincolnshire Council ('the Council') for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public 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 16 December 2021. Our opinion on the financial statements was unqualified.



### Value for money (VFM) 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. 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 in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# 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, issued on 16 December 2021 gave an unqualified opinion on the financial statements for the year ended 31 March 2021.

## Qualitative aspects of the Council's accounting practices

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

Draft accounts were received from the Council on 1 July 2021 and were of a good quality.

## Significant difficulties during the audit

During the course of the audit we had full cooperation of management. The audit was again carried out remotely but there were no significant difficulties in carrying out our normal audit procedures and obtaining audit evidence required to complete the audit. We are grateful for the cooperation and support provided by management.

## 2. Internal control recommendations

### Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified no deficiencies in internal controls in 2020/21, but were able to follow up deficiencies identified in 2019/20,

### Follow up to deficiencies in internal control identified in 2019/20

#### Valuation of Land and Property Assets

To manage the volume of accounting valuations, the Council bases assets valued at Depreciated Replacement Cost using November 2019 indices, which it then updates through to Q1 2020 to ensure that the valuation as at the 31 March is materially correct. Whilst we understand it is impractical to value all assets as at the closing date of the Accounting Period, a number of clients use indices from January (ie January 2020) in order to reduce the risk of material movement in the indices through to 31 March 2020

#### Potential effects

Material misstatements in valuations

#### Recommendation

The Council should consider whether updating indices to the 1 January is practical

#### Management response and update

Complete: March 2021 indices were used in the 2020/21 financial statements

#### Unidentified Accruals

During testing of expenditure we identified one invoice for services received in 2019/20 paid in April 2020 totalling £58,297 that was not accrued for in 2019/20. This is reported as an unadjusted misstatement in Section 4 of this report.

Checks do take place at the department level, including under-spending budgets, but no detailed back-stop check is carried out within finance reviewing new year expenditure.

#### Potential effects

The Council could understate expenditure in the annual accounts.

#### Recommendation

Staff are reminded of the accrual policies as part of closedown and a central check is introduced to identify possible errors.

#### Management response and update

Complete: Closedown guidance is produced and circulated on an annual basis to all finance and service staff involved in the closedown process. Particular emphasis to the accruals policy was given during the 2020/21 process. A central check was also implemented as part of the process.

# 2. Internal control recommendations

## Follow up to deficiencies in internal control identified in 2019/20 (continued)

### Member Approval of Employee settlement agreements

Exit packages include those arising from redundancy and those which include compensation for loss of office (e.g. via reaching a settlement agreement). The Council’s Constitution currently provides for delegated approval by the Chief Executive and all Directors for managing human resources including dismissal. The Appointments Committee has specific responsibility to decide if any discretionary element of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 should be exercised, but does not have responsibility to consider compensation for loss of office or other non-contract payments which are the responsibility of the Chief Executive or a Director.

### Potential effects

Termination payments may not demonstrate value for money, or the rationale and justification may not be clear.

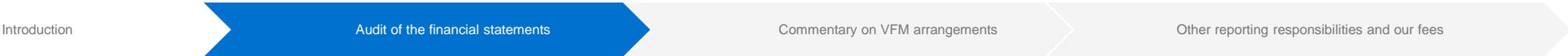
### Recommendation

The Council should review and improve the clarity of its procedures to ensure that:

- risk management procedures are clear;
- there is a clear rationale and payments comply with legislation;
- costs are minimised;
- available options are considered; and
- amounts paid are more transparent.

### Current Status

Complete: The Council has updated its arrangements in 20/21 to reflect these weaknesses.



# 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. We have identified no risks of significant weakness.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement. We have identified no actual significant weaknesses in arrangements requiring reporting or recommendations for improvement.

The table below summarises the outcomes of our work against each reporting criteria. On the following page 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	11	No	No
Governance	13	No	No
Improving economy, efficiency and effectiveness	15	Yes	Yes

# 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 North East Lincolnshire Council. During the 2020/21 year the Council dealt with a wide range of issues to support local residents and businesses.

### How the Council identifies significant financial pressures that are relevant to its short and medium-term plans

The Council has a 10 year financial strategy supported by a three year Medium term financial plan (MTFP). The MTFP is reviewed annually capturing the Council’s short and medium term priorities and delivery plans. The process of developing the MTFP involves input by officers across the Council to ensure all known funding streams and priority investment areas are included and that funding gaps are identified. In setting budgets the Council defines level the level of investment across each core area of service delivery in a budget envelope taking into account forecast funding projections for the Council and current expenditure levels across services. In addition to the use of analytical tools to benchmark local performance against a range of national comparators, allowing focused allocation of resources to service areas.

The Council has a good track record of spending within the approved budget. The Covid 19 pandemic impacted 2020/21 and created short term pressures but the Council received additional funding and ultimately achieved a balanced position with £14.3m of service pressures met by additional government funding.

### How the Council plans to bridge funding gaps and identifies achievable savings

The setting and monitoring of savings plans are incorporated into the budget process. Updating the MTFP involves reviewing existing plans in terms of deliverability, identifying priority investment areas and reviewing available funding. Where funding gaps are identified they are managed through a mixture of service efficiency, reprioritisation of investment and maximising income streams. Where possible, savings are to be delivered within a service’s overall net approved budget and savings plans are incorporated into the budget.

Service monitoring reports include details of budget variances to-date and projected details of the cause and actions to be taken to address over-spending budgets. These are updated during the year and support the quarterly finance monitoring report sent to cabinet. We have seen no evidence of :

- Unidentified savings or funding gaps in financial planning that would substantially threaten the delivery of the plan;
- Unsustainable planned use of reserves to bridge funding gaps; or
- Persistent failure to meet savings plans or financial targets.

### How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council’s processes consider both revenue and capital investment and target them to meet priorities and the desired outcomes. The Council Plan sets out key strategic priorities of a “Stronger Economy” and “Stronger Communities” are supported by detailed plans including the 10 year financial strategy.

Review of the MTFP demonstrates consistency with the priorities in the Council Plan and this confirms the linkage between the overall priorities and the financial strategy. Review of the capital investment strategy also shows clear linkages with the Council’s overall priorities. The MTFP is also clearly linked with the Treasury Management Strategy.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria continued

### How the Council ensures that its financial plan is consistent with other plans

The Council’s budget setting process considers the investment required by relevant plans both revenue and capital. A timeframe is set to consider four distinct stages:

- Set parameters - reviewing the existing strategy and agree priorities;
- Gather evidence - involving performance analysis, review of pressures and identifying variances to the budget envelope;
- Consult and refine - engaging stakeholders and scrutiny; and
- Approve - setting the budget.

In line with the Prudential Code, the Council’s Capital Investment Strategy considers the revenue implications of capital investment decisions and the Capital Investment Strategy is linked to the Council’s overall priorities, MTFP and Treasury Management Strategy, to ensure investments are fully funded.

The MTFP provides for the level of borrowing after taking account of grants, other external funding and capital receipts to be generated through the sale of surplus assets. The revenue cost of this borrowing, interest payments and Minimum Revenue Provision (MRP) payments are incorporated into the MTFP. Similarly, the effect on Prudential Indicators are incorporated into the Treasury Management Strategy.

### How the Council identifies and manages risks to financial resilience

The Council monitors key financial and activity-based indicators as part of its monthly and quarterly budget monitoring process. Budgets are underpinned by demand assumptions where possible and these are compared to actual activity throughout the year and financial implications assessed.

Review of cabinet reports show evidence of the identification of COVID-19 financial implications as well as other issues. The reports also identify cost drivers and compare forecast activity levels against planned levels, identifying the financial impact and detailing any assumptions that have been made. The reports show a clear understanding of the issues faced within the services and the financial implications.

The Council’s 2020/21 financial position was reported to the Cabinet throughout the year with the final position reported in the outturn report of 16 June 2021. The reported position is consistent with the financial position reported during the year 20/21 was a challenge due to Covid-19 despite some large service over-spending the Council completed the year in a balanced position with significant government support in common with many councils

Review of the MTFP indicates that:

- Assumptions are largely realistic with the plan recognising uncertainties and risks; and
- There is no evidence of the use of uncertain income streams or un-planned use of reserves.

The continuing uncertainty does make though strategic financial planning difficult for Councils, particularly in relation to its General Fund services. This, combined with the financial impact of the Ofsted report into Children’s Services (Page 17) means the Council’s financial resilience is an area that will be an continuing area of focus for our 2021/22 audit.

**Our work did not identify a significant weakness in the Council’s arrangements in relation to the financial sustainability reporting criteria.**

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

### How the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council operates a Cabinet and Leader model and is governed by a Constitution including the normal features of an effective local government governance framework. The Council has risk management arrangements with a strategic risk register that is aligned to its strategic outcomes and are assigned to Directors and Assistant Directors to manage. The register is provided to the Audit and Governance Committee on a regular basis. The Council's Code of Corporate Governance is based on the guidance provided by CIPFA/ SOLACE. The Council has adopted the 3 lines of assurance model central to ensuring that it receives assurance on the operation of controls and for the compilation of the Annual Governance Statement.

The Council's Internal Audit team provides assurance based on a risk-based audit plan. It produces an annual report to the Audit and Governance Committee, which provides an opinion on the Council's control environment. The Head of Internal Audit Opinion for 2020/21 provided a "satisfactory" opinion on the control environment. The Council has a fraud strategy and this is subject to regular review and the Audit and Governance Committee is kept informed of anti-fraud activities through interim and annual reports.

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.

### How the Council approaches and carries out its annual budget setting process

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.

The Council's approach in budget setting is to ensure investment in priorities Review of the Council Plan, MTFP and Capital Investment Strategy demonstrate that the Council focuses on investments that align with its strategic priorities.

The MTFP includes consideration of the impact of Central Government funding and local taxation yields on the overall financial position and identifies these as risk areas. Review of the budget setting arrangements highlights no significant weaknesses and the Council is aware of the financial pressures it faces.

### How the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Council has an established set of arrangements in place for budget setting and control.

Following approval of the budget, budget monitoring commences to monitor progress against targets. The Council's budget monitoring process includes monthly updates focusing on the financial outturn position for revenue and capital. Each quarter a formal report is produced and taken to Cabinet setting out the latest forecast and any corrective action required. There are similar processes and controls in place for development and control of the capital programme alongside the revenue budget setting.

Our review of Council minutes confirms there was regular reporting of the financial position during the 2020/21 financial year. The reports detailed the in-year pressures as well as planned mitigations. The outturn position was not significantly different to that reported to Members during the year and did not indicate a weakness in arrangements. The Council has a good record of delivering against its budget and this is evidence of effective arrangements for budgetary control.

The project plan for preparing the annual Statement of Accounts was delivered in 2020/21 with the draft being available for audit in early July 2021. Our audit of the financial statements did not identify any matters to indicate a significant weakness in the accuracy of the financial information reported or the process for preparing the accounts. It is our experience that management takes action to address audit matters in a timely and appropriate manner.

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria continued

### How the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.

The Council has an established governance framework in place which is set out within its Annual Governance Statement (AGS), which was subject to our review. The foundation of the Council’s decision-making process is its Constitution which is updated yearly and makes it clear where the responsibility for any given decision lies. The Constitution sets out the expected governance within the Council including financial procedures, code of corporate governance scheme of delegation and rules around the conduct of meetings.

The Council implemented measures to ensure that services could continue despite the restrictions arising during the COVID-19 pandemic. Decisions in relation to Covid related to such matters as business continuity, purchase of personal protective equipment and business support grants scheme.

The initial response by the Council at the start of the national emergency was to clarify delegation arrangements on the basis that key officers were not able to perform their duties. The Council published its emergency decisions covering Covid related matters. The Council and North East Lincolnshire Clinical Commissioning Group also revised its joint Union Board during his period to allow for more immediate decision making. Decisions were scrutinised by the Communities Scrutiny panel.

### How the Council monitors and ensures appropriate standards are maintained

The Council’s Chief Legal Officer is the Council’s Monitoring Officer providing a framework to ensure compliance with relevant statutory requirements. We note through review of meeting papers legal considerations are routinely considered in reports to Members.

The Code of Conduct sets out a series of requirements of Councillors and follows the Nolan principles. The Code sets out who it applies to, standards of conduct and disclosable interests. The Standards Committee deals with issues relating to the conduct of Members and there is an Officers Code of Practice for employees and this is available on the Council’s internet page. The officer Code of Practice includes guidance in relation to conflicts, declarations of interest and how to declare them.

The Statement of Accounts records material related party transactions as well as senior officer pay and

Member allowances. We considered these disclosures and compared them with the interests declared and identified no matters to report.

We confirmed that contract procedure rules are in place and require procurement decisions to comply with appropriate standards.

There is regular reporting of treasury management activity that details the Council’s investments, cash and borrowing positions. The Treasury Management Strategy was approved ahead of the 2020/21 financial year and sets out the Council’s measures against which treasury management can be assessed. The measures include those designed to mitigate risk to the Council’s finances.

**Our work did not identify a significant weakness in the Council’s arrangements in relation to the governance reporting criteria.**

# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

### How financial and performance information has been used to assess performance to identify areas for improvement

The Council uses financial and performance data to inform budget decisions. Service budget packs provide a comprehensive range of comparable data, identification of key risk areas allowing focus on improvement areas and areas of budget risk. The budget packs recognise specific service risks and unknowns such as uncertainty over income generally, service pressures and uncertainty over the local government financial settlements but recognises action is needed. The approach sets out the timescales, process including member challenge and the ‘star chamber’ approach to modelling options and impact of a 5/10/15% budget reduction options.

### Children’s Services

Ofsted is the Office for Standards in Education, Children’s Services and Skills. It inspects and regulates services that care for children and young people. The Authority’s children’s services were last inspected in 2017, when it was rated “Good”. Ofsted has carried out focused visits in the intervening period with the most recent letter being dated in June 2021, but without changing the overall rating.

In response the Council had an improvement plan in place approved by Ofsted and support has been accessed via the DfE for the ‘Partners in Practice’ programme – which supports development of practice. The Council also invested in children’s services however In October 2021, Ofsted commenced an inspection into children’s services, publishing its report on 26 November 2021. The overall effectiveness of children’s services has now been graded “Inadequate”, citing weaknesses in assessment, planning and decision-making.

We consider this to be a significant weakness in arrangements and we have made recommendations on page 17 of this report.

### How the Council evaluates the services it provides to assess performance and identify areas for improvement

Assessment of performance is embedded within the finance commissioning planning process including an assessment of current performance and delivery, understanding the cost base and resources needed to deliver

the service. Based on this information, assessment of operational and finance risks forms the basis of the budget process.

### How the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve.

The council has a good track record of working in partnership. The Council sees working in partnership as a key areas of focus across all its services. The Council works closely with North East Lincolnshire Clinical Commissioning Group (The CCG). The Council and CCG operate a legal partnership agreement. The CCG Constitution sets out the governance arrangements for the arrangement (the Union) which includes the creation of a Committee in Common (Union Board) which has Councillors as well as GPs. During 2017/18 the Chief Executive of the Council was also appointed the Chief Executive of the CCG to further enhance joint working.

Strategic partnerships have been entered into across areas such as the provision of back office services such as Finance with North Lincolnshire Council which has operated successfully for a number of years

Our work has not identified any examples of a significant financial loss or failure to deliver efficiency/performance improvements as expected when managing significant outsourced contracts/services

# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

### How the Council ensures that where services are commissioned or procured this is done in accordance with relevant legislation

Contract Procedure Rules are in place, these are comprehensive and up to date. In addition, support is provided to contractors through standard documentation covers all the expected professional and operational areas including:

- anti corruption;
- objectives of the service tender and Council;
- compliance with relevant regulatory requirements; and
- decision making

Review of the guidance available confirms that it is comprehensive and enables a consistent approach. There is contract management guidance and templates to support effective contract management and assurance that contracts are delivering against outcomes.

**Except for the matter reported on the following page, our work did not identify a significant weakness in the Council’s arrangements in relation to the economy, efficiency and effectiveness reporting criteria.**

# 3. Identified significant weaknesses and our recommendations

## Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified a significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness it its use of resources. These identified weakness has been outlined in the table below.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement	Our views on the actions taken to date
<p><b>1 Children’s Services</b> Ofsted is the Office for Standards in Education, Children’s Services and Skills. It inspects and regulates services that care for children and young people. The Authority’s children’s services were last inspected in 2017, when it was rated “Good”. Ofsted has carried out focused visits in the intervening period with the most recent letter being dated in June 2021, but without changing the overall rating.</p> <p>In October 2021, Ofsted commenced an inspection into children’s services, publishing its report on 26 November 2021. The overall effectiveness of children’s services has been graded “Inadequate”, citing weaknesses in assessment, planning and decision-making.</p> <p>The matters identified by Ofsted are relevant to the financial year ending 31 March 2021 and, in our view, indicate a significant weakness in the Authority’s arrangements for Governance (how the body ensures that it makes informed decisions and properly manages its risks) and for 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) reporting</p>			<p>●</p>	<p>In order to ensure systems, processes and training are in place to manage the risks relating to the safety and welfare of service users, the Authority must ensure it embeds and sustains the action plans that it has put in place to address the issues identified by Ofsted.</p> <p>In particular, it needs to ensure that robust monitoring and reporting processes are maintained, and that challenge, scrutiny and escalation arrangements drive the required improvements for service users and sustain the progress made to-date in implementing the actions to address the issues raised by Ofsted.</p>	

# 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 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 but we did receive correspondence drawing our attention to a regularity matter which led to additional audit procedures.

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

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data, and to carry out certain tests on the data. At the time of preparing this report we have not yet received instructions from the NAO on what procedures are required. As such this work is outstanding.

## 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 presented to the Audit and Governance Committee in July 2021. Having completed our work for the 2020/21 financial year, we can confirm that our fees are as follows:

Area of work	2019/20 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£91,866	£91,866
Additional work in relation to responding to increased regulatory challenge in auditing the IAS19 pension figures contained within the financial statements and the PPE figures contained within the financial statements.	£2,998 £4,954	£3,130 £5,540
Other additional Costs mainly relates to additional testing and reporting of uncertainties in key estimates as a result of Covid-19	£5,032	--
Other additional costs mainly relating to additional testing of Covid-19 grants	-	£1,188
Additional fees in respect of ISA540 Auditing Accounting Estimates and Related Disclosures	N/A	£4,644
Additional fees in respect of the new VFM approach		
-VFM Commentary	N/A	£10,170
-VFM Risks		£3,502
<b>Total fees</b>	<b>£104,850</b>	<b>£120,040</b>

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

## 4. Other reporting responsibilities and our fees

### Fees for other work

In 2020/21 the Council has engaged Mazars LLP for the following non-audit services:

- Teachers' Pension Return - £3,000 plus VAT (fee for 2019/20 £2,100)
- Housing Benefit Return - £9,100 plus VAT (fee for 2019/20 £7,400)

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# Mark Surridge, Key Audit Partner – Public & Social Sector

Mark.Surridge@mazars.co.uk

## **Mazars**

5th Floor

3 Wellington Place

Leeds

LS1 4AP

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.