

Auditor's Annual Report

Hyndburn Borough Council – year ended
31 March 2021

August 2023



Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM 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 the 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 Hyndburn 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 3 August 2023. Our opinion on the financial statements was unqualified.



Wider reporting responsibilities

In line with communications from the National Audit Office, we were not required to complete work on the Council's Whole of Government Accounts Return. We did not receive any questions or objections in relation to the Council's 2020/21 audit.



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 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 and a summary of our recommendation.

Following the completion of our work we have issued our audit certificate which formally closes the audit for the 2020/21 financial year.

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 3 August 2023 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 complied with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were prepared prior to our appointment as the Council's external auditor. A number of adjustments were identified due to errors and inconsistencies within the financial statements. Working papers were provided alongside the draft financial statements, however these often lacked sufficient information to allow the audit to progress smoothly and required additional queries in order to understand how the information had been compiled and supported disclosures in the financial statements. These issues to delays in finalising the audit process for 2020/21 and contributed to the significant weakness in value for money arrangements identified in section 3 of this report.

The Council's finance team were helpful in responding to our queries, and are committed to reviewing the accounts closedown procedures in order to improve the audit procedures in future years.

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 a number of opportunities to improve internal control as part of our audit and raised nine internal control recommendations. We categorised two recommendations as high priority. These related to the asset valuation process and controls over the posting of journal entries. The remaining recommendations were assigned lower priority levels and related to the Council's financial systems and accounts preparation process. These link closely to our value for money recommendation set out in section 3 of this report.

Our Audit Completion Report, presented to the Council's Audit Committee on the 28 November 2022, provides further details of the findings of our audit of the Council's financial statements. This includes 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. There are no additional matters raised in our Audit Completion Report 2021/22 that we need to repeat in this report.

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 outline the risk that we have identified and the work we have done to address this risk on page 11.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement. We outline the identified significant weakness and our associated recommendation on pages 12-13.

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	9	No	No
Governance	11	Yes – see risk on page 11	Yes – see recommendation on page 12
Improving economy, efficiency and effectiveness	15	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 Hyndburn District 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 4.9m of Covid-19 Response grant funding to cover the Council's extra costs and lost income.

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 £23.3m to £25.0m whilst borrowing levels have remained stable at £9.8m. Increases in both cash and creditors, of £30.6m and £12.9m respectively, are largely due to the impacts of the Covid-19 funding arrangements.

One of the most significant changes in the balance sheet relates to movements in the Council's share of the pension fund net liability (being a deficit position) of £40.2m, up from £31.9m 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 £19.1m to £26.3m in 2020/21, with:

- General Fund Reserves of £2.4m, remaining consistent with 2019/20 levels;
- Earmarked Reserves of £14.4m, up from £10.4m, which includes £3.3m of additional Section 31 Grant; and
- Capital reserves of £9.5m, up from £6.3m 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 February 2020 the Council set a balanced budget for the 2020/21 financial year. During the year, the Council updated the budget to reflect the emerging position regarding Covid-19 and reported its financial position through regular financial update reports. We reviewed a sample of finance update reports issued to Cabinet during the year as well as performing audit work over the going concern assertion as part of our work on the financial statements.

The year end position is presented in the financial statements, which showed a £0.2m underspend against the budget position. The outturn position was not reported to the Council outside of the financial statements. This is a requirement of the CIPFA Financial Management Code. Compliance with the Code was not mandatory until 2021/22, however for 2020/21 it represented best practice. As the financial statements are reported through the Audit Committee, there is a risk the wider membership of the Council would be unable to review and challenge management on the outturn position without a formal report. We have included reference to this in our recommendation in respect of the significant weakness identified.

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 three 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 closely interlinked to other Council plans and strategies (for example the Corporate Strategy, Capital Programme and Annual Revenue Budget).

The Council has in place an embedded budget setting process in place, with input from Service Managers throughout the year to update Service Plans. These are used as a part of the determination of the overall budget position. Cost pressures and new developments are initially dealt with within the service area, with Service Managers following guidance set out in the Corporate Strategy and discussions with Cabinet Members to prioritise competing demands.

Unfunded pressures are considered as part of the annual budget setting process. For 2020/21 these included a £0.1m pressure for expected reductions in income related to the Market Hall. The budget shortfall of £0.1m was matched by a corporate savings target of £0.1m.

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.

Due to the impact of Covid-19, the Council rolled forward plans from 2020/21 to provide stability and protect services from reductions.

A balanced budget for 2021/22 was approved at the February 2021 Council meeting alongside the updated MTFS. The budget included required savings of £0.1m confidently expected to be covered by actions in hand, with no draw down from reserves anticipated. The 2021/22 budget highlighted a number of risks to achieving a balanced outturn, including assumptions regarding the level of additional Covid-19 costs and subsequent funding from central government.

Whilst a balanced revenue budget for 2021/22 was approved savings requirements in future years are evident, of approximately £2m in the first year falling to some £0.1m thereafter. The Capital Programme detailed that £2.3m would be spent during 2021/22, delivering a number of schemes to improve the district.

Cabinet reviewed the budget position regularly during the latter half of 2021/22 as part of its Q2 budget monitoring process. Cabinet also received in-year updates on the Council's capital programme, and received a final outturn in June 2022. We will include further detail on this in our 2021/22 commentary, however the outturn report provides assurance the reporting gap in 2020/21 has been addressed.

We have reviewed the MTFS and supporting reports to Council in February 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

Risks of significant weaknesses in arrangements

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
1 Financial Reporting The prior year value for money conclusion was qualified due to delays in the Council producing draft accounts, and those accounts containing a material error. These matters indicate a risk of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities.	<p>Work undertaken To address this risk we have:</p> <ul style="list-style-type: none">Reviewed the Council's arrangements to produce its financial statements;Reviewed how management engages with, and challenges the information provided by its experts; andDrawn on conclusions from the accounts audit to determine whether these highlight any actual weaknesses in arrangements. <p>Results of our work The audit of the Council's financial statements identified a number of issues relating to the quality of both the draft accounts submitted for audit and the underlying supporting working papers. This led to difficulties in completing our 2020/21 audit, and subsequently caused significant delays in signing the 2020/21 audit report. In our view, the totality of the issues identified indicate a significant weakness in relation to the governance reporting criteria, in particular how the Council ensures effective processes and systems are in place to communicate relevant, accurate and timely management information; support its statutory financial reporting requirements; and to ensure corrective action is taken where needed. The issues identified in the 2020/21 audit are also indicative of a lack of progress in addressing the weaknesses identified in the 2019/20 audit. A summary of the significant weaknesses in arrangements identified and the associated recommendations for improvement is provided on page 12.</p>

3. VFM arrangements – Governance

Identified significant weaknesses in arrangements and recommendations for improvement

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

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement
<p>1 Weaknesses in Financial Reporting</p> <p>The Council's 2019/20 auditor's report included a qualified value for money conclusion due to delays in the production of the draft financial statements, difficulties in dealing with audit queries and the identified (and correction) of a material error. The Audit Findings Report for 2019/20 included an associated recommendation for the Council to examine the root cause of the delays and errors underlying the final accounts preparation process.</p> <p>The Council placed the draft 2020/21 financial statements on deposit for public inspection on 13 February 2022, seven months beyond the statutory deadline.</p> <p>Our 2020/21 Audit Completion Report highlighted several issues including the poor quality of the draft financial statements submitted for audit and the significant difficulties encountered during the audit process because of problems with the associated working papers and underlying records. The issues identified affected significant balances within the draft financial statements published by the Council, such as Property, Plant and Equipment where management failed to provide sufficient oversight and challenge over the valuations process, leading to misstatements being identified during the audit process.</p>		●		<p>The Council should:</p> <ul style="list-style-type: none">• Produce a detailed action plan setting out how it intends to bring its accounts production process in line with the national timescales;• Review the capacity within the Council's finance team to build resilience into the accounts production and financial reporting processes;• Consider the issues raised as part of the 2020/21 audit in order to strengthen the overall control environment surrounding the preparation of the financial statements; and• Ensure the final outturn financial position is reported through the Council's committee structure each year end. This should include a detailed analysis of movements against budget and the associated impact on the Council's financial strategy, in order to allow sufficient scrutiny and challenge by the Council's elected Members and ensure effective public reporting.

(continued overleaf)

3. Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement (continued)

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement
1 Weaknesses in Financial Reporting (continued) <p>Additionally, our review of committee papers for 2020/21 confirmed the final financial outturn against budget had not been reported to Members. This is one of the seventeen standards set out in the CIPFA Financial Management Code.</p> <p>The financial statements and outturn reports are key to ensuring the Council, its members, its leadership and the wider public understand how effectively its resources have been utilised during the year.</p> <p>In our view, the totality of the issues identified indicate a significant weakness in relation to the governance reporting criteria, in particular how the Council ensures effective processes and systems are in place to communicate relevant, accurate and timely management information; support its statutory financial reporting requirements; and to ensure corrective action is taken where needed. The issues identified in the 2020/21 audit are also indicative of a lack of progress in addressing the weaknesses identified in the 2019/20 audit.</p>		●		

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 Council is responsible for approving the Council's risk management strategy, the Audit Committee is responsible for reviewing and monitoring those arrangements, and the Head of Paid Service is responsible for developing risk management controls.

The Council has adopted a Risk Management Strategy which sets out the Authority's 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 Authority's purposes and consistent with sector norms.

The Audit and Governance Committee receives regular 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

The annual Internal Audit plan is developed by the Head of Internal Audit, agreed with management at the start of the financial year and is reviewed by the Audit 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 plans for 2020/21 and 2021/22 and confirmed they are consistent with the risk based approach.

Internal Audit progress reports are presented to Audit 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 July 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 was "Substantial Assurance" based on the work completed, noting emerging risks arising from the Covid-19 pandemic.

During 2020/21, Internal Audit issued 11 audit reports, 7 of which were a Comprehensive Assurance opinion and the remaining 4 were a Substantial Assurance opinion. There were no Limited or No Assurance Opinions.

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 Annual Governance Statement 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. The Annual Governance Statement formally signed by the 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 Annual Governance Statements 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 including Procedure Rules and Codes of Conduct which set out the rules on how the Council conducts its business. 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 Scheme of Delegation, Financial Procedure Rules, Budget Policy Framework Rules, Contract Procedure Rules and Codes of Conduct for both Members and employees.

There are scrutiny arrangements in place to support the work of the Council. The Communities and Wellbeing Overview and Scrutiny Committee and Resources Overview and Scrutiny Committee have a work programme 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.

Financial Statements

The Council's previous auditor highlighted weaknesses in the Council's financial statements processes in their Value for Money conclusion as part of the 2019/20 audit. In their opinion, the auditor cited the lateness of publishing the draft accounts, difficulties in responding to audit queries and a material error in the valuation of property, plant and equipment as reasons behind the qualified conclusion. Given the findings of the previous auditor, we identified a risk of significant weakness in the Council's arrangements, as set out on page 11.

Our 2020/21 Audit Completion Report highlighted several issues including the poor quality of the draft financial statements submitted for audit and the significant difficulties encountered during the audit process because of problems with the associated working papers and underlying records. The issues identified affected significant balances within the draft financial statements published by the Council, such as Property, Plant and Equipment where management failed to provide sufficient oversight and challenge over the valuations process, leading to misstatements being identified during the audit. As a result, we have identified a significant weakness in the Council's arrangements as set out on pages 12-13.

Based on the above considerations we have identified a significant weakness in the Council's arrangements in relation to governance, in particular the processes the Council has in place to produce its financial statements with supporting working papers on a timely basis. We include details of the significant weakness on page 12.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

Performance Management

The Council's objectives are set out in its Corporate Strategy. The Corporate Strategy 2018-2023 outlines the Council's vision for creating a Borough where all residents have the best opportunity to prosper. The strategy is structured around three main themes:

- Growth – focussed on housing, business and economic growth;
- Efficiency – focussed on service redesign, making use of technology and making efficient use of land and property assets; and
- Quality – focussed on enhancing the quality of life of the Council's residents.

The Council's Medium Term Financial Strategy builds on the Corporate Strategy to ensure funding is targeted towards its priorities. The Council's budget endeavours to ensure the provision of the appropriate resources required to deliver the Corporate Strategy, and the types of action necessary to enable them to be affordable, to allow balanced budgets to be delivered.

The Council developed a set of KPIs for each service in 2018 and revisited these in 2019. Each service has a responsible officer assigned. Service Managers were asked to submit updated performance indicators every six months, however the impact of Covid-19 meant this was not always possible in 2020/21.

The Council reported its annual performance against its KPIs to the Resources Overview and Scrutiny Committee in September 2021. We have reviewed the annual report which shows it is sufficiently detailed to enable scrutiny and challenge of the Council's performance.

Partnerships

The Council is open to considering all options to deliver services. This means it commissions from other organisations where it is appropriate to do so and where it can achieve the same or better outcomes at reduced cost. This includes working closely with the voluntary and private sector where appropriate.

An exercise was carried out by Member Services Officers during 2020 to ascertain the status of all outside bodies to which Members may be appointed and to obtain copies of their key governance documents, so that Members could better understand their responsibilities and prepare for their role.

Examples of partnership working in 2020/21 include the development of Huncoat Garden Village, where the Council is working in partnership with Lancashire County Council, Homes England and other stakeholders to deliver 2,000 new homes over the next 10-15 years.

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.

The Council's Contract Procedure Rules sets out procurement routes for new contracts, tailored to the values involved. The Council makes use of standard terms and conditions in its contracts on routine procurements to ensure suppliers meet the standards expected by the Council.

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.

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

The NAO, as group auditor, issues Group Audit Instructions to us in respect of its consolidation data. In July 2023 the NAO confirmed no further work is required on the Council's Whole of Government Accounts consolidation data.

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 Committee in March 2022. Having completed our work for the 2020/21 financial year, our final proposed fees are set out below. These have been agreed with management but are subject to final approval by PSAA.

Area of work	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£36,134
Additional work required on PPE and Pension disclosures as a result of increased regulatory requirements	£7,067
Additional work as a result of new auditing standards (ISA 540 Accounting estimates)	£2,000
Additional work arising from the new Code of Audit Practice Value for Money requirements	£6,000
Additional work arising from accounts delays and quality of accounts and working papers	£4,000
Additional work arising from infrastructure assets	£8,000
Additional work arising from value for money significant weakness	£4,000
Total fees	£67,201

4. Other reporting responsibilities and our fees

Fees for non-audit services

The table below summarises all non-audit services provided to Hyndburn Borough Council by Mazars LLP. We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

Area of work	2020/21 fees
Housing Benefits Grant Claim	£21,700
Total fees	£21,700

Mark Dalton, Director – Public Services

mark.dalton@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.