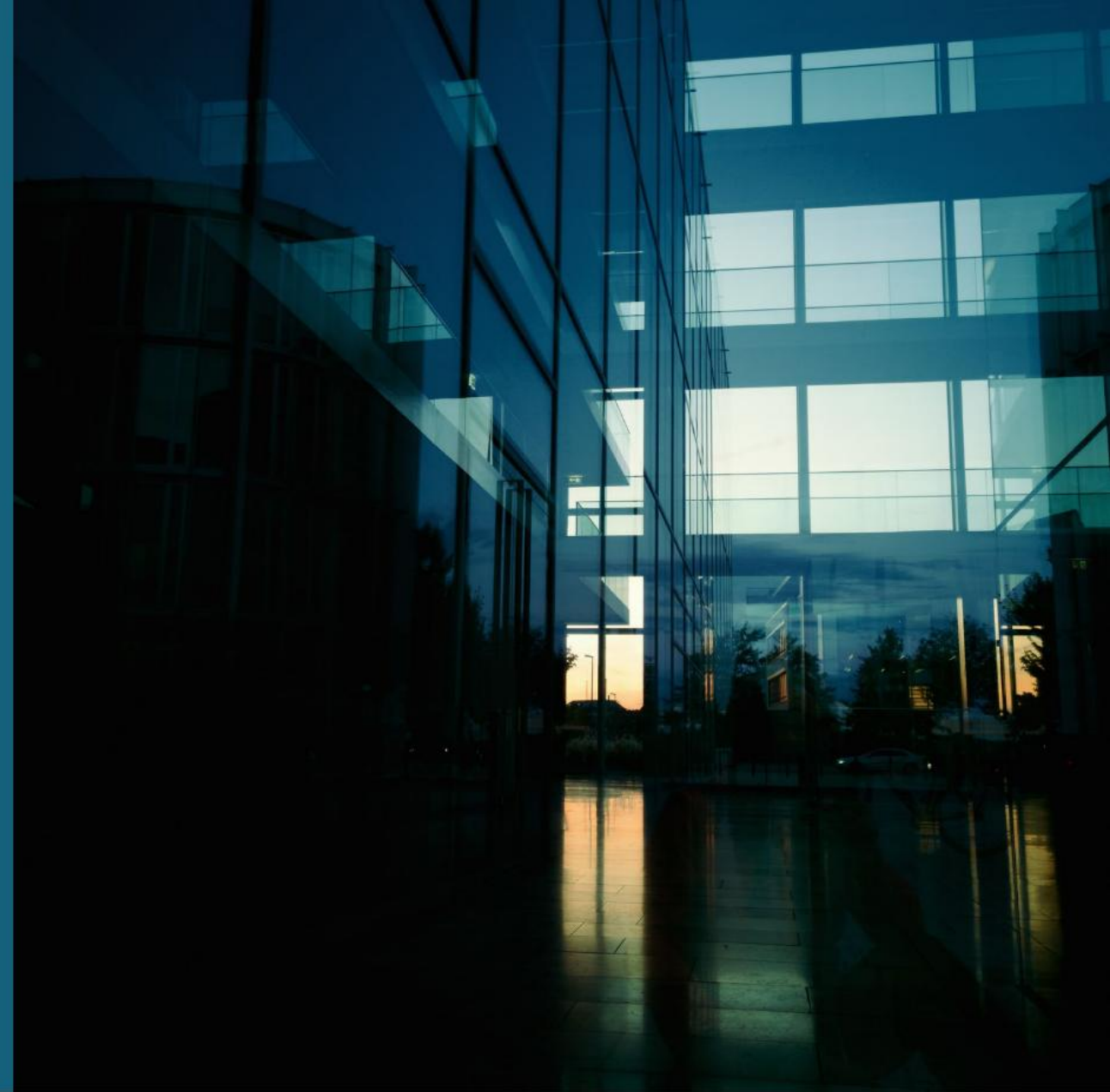


# Auditor's Annual Report

Sunderland City Council – year ended 31  
March 2021

January 2022



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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.

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# 01

## Section 01: **Introduction**

# 1. Introduction

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Sunderland City 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 10 November 2021. Our opinion on the financial statements was unqualified.

Our report included an 'emphasis of matter' paragraph drawing attention to the Council's disclosure in its statements of a material uncertainty in respect of the valuation of land and buildings due to the pandemic.



### Value for Money arrangements

In our audit report issued we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not identified any significant weaknesses in those arrangements at the time of reporting.

Section 3 confirms that we have now completed this work, with no significant weaknesses identified and provides our commentary on the Council's arrangements.



### Wider reporting responsibilities

At the time of preparing this report the group audit instructions have not been issued by the NAO.

As a result our whole of government accounts work has not been completed. We are unable to issue our audit certificate which will formally close the audit for the 2020/21 financial year until this work is complete.

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# 02

Section 02:

## **Audit of the financial statements**

# 2. Audit of the financial statements

## The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council and Group's financial position as at 31 March 2021 and of its financial performance for the year then ended. Our audit report, issued on 10 November 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 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 ahead of the revised statutory deadline and were of a good quality, supported by comprehensive working papers.

## Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Given the on-going impact of COVID-19 the audit was again completed remotely.

## Internal control recommendations

We did not report any significant deficiencies in internal control as a result of our 2020/21 audit work. Our Audit Completion Report, taken to the September 2021 Audit and Governance Committee, contained details of one housekeeping recommendation, with our November 2021 follow-up letter setting out two medium-priority recommendation and one further housekeeping recommendation.



# 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 National Audit Office (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; and
- 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 risks that we have identified and the work we have done to address those risks on pages 9 and 12.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement. There are no significant weaknesses to report.

The table below summarises the outcomes of our work against each reporting criterion. On the following pages we outline further detail of the work we have undertaken against each reporting criterion, 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	Yes – see financial pressures risk on page 9	No
Governance	12	Yes – see Ofsted Children’s Services risk on page 12	No
Improving economy, efficiency and effectiveness	14	No	No



# 3. VFM arrangements – financial sustainability

## Overall commentary on the financial sustainability reporting criterion

### Risk of significant weaknesses in arrangements

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

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<div data-bbox="84 449 389 535"><b>1 Sustainable resource deployment – financial pressures</b></div> <div data-bbox="135 556 389 839"><p>The Council faces financial pressures from reduced funding and continues to identify plans to deliver future savings and improvements, including alternative models of service delivery.</p></div> <div data-bbox="135 861 389 1058"><p>Without robust budgetary control and delivery of its action plans, the Council's financial resilience and service performance could deteriorate.</p></div>	<div data-bbox="430 449 1523 564"><b>Work undertaken</b><ul style="list-style-type: none"><li>• We reviewed budget monitoring and reporting.</li><li>• We also considered the adequacy of plans that are developed to deliver savings and improvements.</li><li>• We also considered the latest update of the Council's medium-term financial strategy.</li></ul></div> <div data-bbox="430 592 654 618"><b>Results of our work</b></div> <div data-bbox="430 646 2453 792"><b>Budget monitoring and reporting</b><p>Quarterly reports are presented to Cabinet throughout the year, underpinned by budget monitoring within each portfolio and service. The quarterly reports provide a clear summary of the projected outturn and the actuals, along with supporting narrative to explain any significant changes. The Council has a strong track record of delivering its budget over the last decade, despite the continued pressures of funding reductions and delivery of savings, reporting an underspend of £0.264 million for 2020/21 (prior year £0.496m). The Council clearly highlights the continued financial pressures and the need for robust budget monitoring which is key to its financial sustainability.</p></div> <div data-bbox="430 821 2453 906"><b>Adequacy of plans to deliver savings and improvements</b><p>Savings of approximately £0.3 million were built into the budget for 2020/21, of which 88% was delivered; in the context of the net budget, this is not a significant amount. For 2021/22, savings of £6.3 million are planned. There are appropriate arrangements for monitoring savings, with reporting being included in the quarterly budget monitoring reports.</p></div> <div data-bbox="430 935 2453 1049"><b>Medium-term financial plan</b><p>The Council's latest refresh of its medium-term financial plan (MTFP) was reported to Cabinet in February 2022, setting out the forecast strategy for the next four years, from 2022/23 to 2025/26. The MTFP clearly set out the principles underpinning the strategy, such as direction of resources to support the City Plan priorities. The strategy sets out the headline messages of an estimated financial gap of £32.4m across the four-year period, with a balanced budget being set for 2022/23, incorporating savings of £5.8m.</p></div> <div data-bbox="430 1078 2453 1135"><b>Based on the results of our work for the identified risk, we have not identified any significant weaknesses in arrangements. Further commentary on the Council's arrangements is set out overleaf.</b></div>

# 3. VFM arrangements – financial sustainability

## Overall commentary on the financial sustainability reporting criterion - continued

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

The Medium-Term Financial Plan (MTFP) includes financial projections analysis and context that supports the Council's City Plan 2019-2030. The City Plan sets out the vision for the City until 2030. The intentions of the vision are set out as part of a Dynamic, Healthy and Vibrant City. The City Plan sets out explicitly the Council's planned key actions and performance targets for the future.

The overarching aim of the Sunderland City Council Capital Strategy ("the Strategy") is to provide a framework within which the Council's capital investment plans will be prioritised and delivered in line with the City Plan (2019 – 2030) with an overall ambition that by 2030 Sunderland will be a connected, international city with opportunities for all.

The Council's capital investment plans are set out in the capital strategy and programme, with the latest approved programme covering the period up to 2025/26.

Quarterly reports are presented to the Cabinet throughout the year, underpinned by budget monitoring within each portfolio and service and reporting to the Chief Officers' Group. The quarterly reports provide a clear summary of the projected outturn and the actuals, along with supporting narrative to explain any significant changes. Implications of overspends and non-delivery of planned savings and efficiencies are set out in each report.

The Council's Efficiency Strategy was agreed by Council in March 2021. The Strategy set out a continual and iterative development of a programme of activity to address the gap taking into account the strategic vision of the Council's role in the future

The Council has a strong track record of delivering its budget over the last decade, despite the continued pressures of funding reductions and delivery of savings, reporting an underspend of £0.264 million for 2020/21 (prior year £0.496 million). In the Council's quarterly reports, it clearly highlights the continued financial pressures and the need for robust budget monitoring which is crucial to its financial sustainability.

Based on our work, there is evidence of effective financial management arrangements despite the continued financial pressures, including the on-going pandemic.

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

The overarching MTFP includes the identification of savings and efficiencies over the period of the next four years, after taking into account estimated funding. The strategy sets out the headline messages of an estimated financial gap of £32.4 million across the four-year period, incorporating savings of £5.8m in 2022/23.

The annual budget savings cycle is a continuous approach with budget developments brought to Cabinet for consideration throughout the year to allocate resources to services and consider consultation outcomes.

Savings of approximately £0.3 million were built into the budget for 2020/21, of which approximately 88% was achieved; in the context of the net budget, this is not a significant amount.

For 2021/22, savings of £6.3 million are planned.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

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

The Council's MTFP provides a framework with the express objective of achieving a sustainable financial position over the medium-term and which is also aligned to the City Plan. The key principles within the MTFP provides the framework for planning finances to support delivery and includes:

- ensuring resources are targeted on statutory and front-line services and protecting key priority services with a focus on need rather than want;
- managing demand - implementing strategies and policies that enable the Council to manage demand and facilitate those services which make a difference in the most effective way; and
- strategic commissioning based on outcomes and using an intelligence-based approach to ensure a sound evidence base for commissioning decisions and effective commissioning arrangements.



# 3. VFM arrangements – financial sustainability

## Overall commentary on the financial sustainability reporting criterion - continued

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

The Council’s MTFP sets out the financial context for the Council’s resource allocation process and budget setting, therefore, underpinning decision-making and other plans.

As part of ensuring the consistency of the MTFP and annual budget with other plans, significant consultation is undertaken on the budget, both with internal and external stakeholders.

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

As part of the annual budget report setting, the Council’s s151 officer sets out his assessment of the adequacy of reserves and the robustness of budget estimates. Appropriate risk factors are considered as part of this assessment, including the level of reserves, prudential and treasury indicators and the robustness of inflationary estimates.

This is underpinned by the review of reserves set out in the annual update of the Council’s MTFP, which includes an estimate of projected earmarked reserves.

Earmarked reserves as at 31 March 2021 were £189.4 million (including schools reserves and the general fund balance), compared to £154.6 million the prior year; the significant increase being due to the NNDR reserve totalling £19.9 million. The NNDR reserve is forecast to be used in 2021/22, to support the Collection Fund deficit arising from the pandemic. Overall, earmarked reserves (including the general fund balance and school reserves) are currently projected to reduce to £75.1 million by 31 March 2025.

We would recommend that the Council more explicitly reports the level of earmarked reserves at the end of the MTFP four-year period as part of its annual update, to facilitate decision-making.

The Council also manages risks to its financial resilience via maintaining a general fund balance. The Council’s policy for the level of this balance is set out in the MTFP annually, along with the Section 151 Officer’s assessment. For 2021/22 onwards, the Council plans to maintain its general fund balance at £12.0 million.

In line with good practice, the Council prepares and takes a formal report to the Audit and Governance Committee on whether the ‘going concern’ assumption is appropriate; this report was taken to the July 2021 Committee. In this report, the Council sets out that:

*“it will be difficult to continue to deliver substantial savings without significant changes in the way we deliver services and therefore reserves have been maintained to assist transition and mitigate future risk. Reserve levels and use will be kept under review and reported to Cabinet”.*

**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 – financial sustainability

## Overall commentary on the governance reporting criterion

### Risk of significant weaknesses in arrangements

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

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>2    <b>Ofsted inspection: children’s services</b></p> <p>There is a risk Council does not make the required improvements to children’s services, or does not make the improvements rapidly enough.</p> <p>In July 2015, Ofsted reported the results of an inspection of services for children in need of help and protection, children looked after, care leavers and adoption performance. Ofsted concluded that these services and their leadership, management and governance were inadequate.</p> <p>Ofsted also concluded that the arrangements in place to evaluate the effectiveness of what is done by the Council and its partners to safeguard and promote the welfare of children, through the Sunderland Safeguarding Children Board, were inadequate.</p> <p>Our response to the conclusions reached by Ofsted, was to incorporate an ‘except for’ qualification into our VFM conclusions since 2014/15.</p> <p>Monitoring visits have taken place since then including a re-inspection in 2018. This showed that some aspects of children’s services had improved, however, the categories of ‘children who need help and protection’ and ‘leadership, management and governance’ remained inadequate.</p>	<p>We considered the progress made by the Council in relation to children’s services.</p> <p>Ofsted re-inspected the Council’s children’s services in June 2021 and reported that:</p> <p><i>“<b>children’s services in Sunderland are outstanding</b>...this highly impressive improvement has incrementally been achieved from the previous Ofsted inspection in 2015 when all aspects of children’s services were judged to be inadequate. At the 2018 inspection, solid improvements were judged to have been made, however, there had not been sufficient progress made for children who needed help and protection. Since then, Ofsted visits have continued to find improvements in Sunderland’s children’s services, including further building on the progress evident in key areas at the focused visit in March 2021. This strong focus on continued improvement is even more impressive given it was during a global pandemic, which is still having a profound impact on the communities in Sunderland, and on the workforce of the Council and of Together for Children”.</i></p>

# 3. VFM arrangements – governance

## Overall commentary on the governance reporting criterion

### 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 has approved and adopted a Code of Corporate Governance. The Council's Annual Governance Statement sets out how the Council has complied with this Code during the year. As part of our audit procedures we considered the Council's Annual Governance Statement. This included consideration of the Statement and our cumulative audit knowledge. We identified no matters indicating a significant weakness in arrangements.

A risk and assurance map is presented regularly to the Audit and Governance Committee, setting out strategic and corporate risks, along with sources of assurance, both internal and external. There is appropriate challenge by Committee Members of this summary, which provides a useful overview of the many sources of evidence and various assurance activities.

We confirmed that the Audit and Governance Committee received regular updates on the Audit Plan. Internal Audit reviews highlight weaknesses and recommends actions when required to strengthen processes or procedures. These are regularly reported to the Audit and Governance Committee which holds management to account where weaknesses are identified. The Audit and Governance Committee monitors management actions in response to recommendations and this is reported on a regular basis. The Audit and Governance Committee challenges management if recommendations are not implemented within the agreed timeframe.

The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control which was reported to the Audit and Governance Committee in July 2021.

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

The Council's MTFP arrangement includes the identification and evaluation of risks to the Council's finances.

We have reviewed the budget setting arrangements through observation and discussions with officers. No matters have been identified indicating a significant weakness in arrangements. Overall, the Council is aware of the financial pressure it faces. We confirmed that scenario plans are in place to identify the potential financial impact of risks occurring.

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

We have reviewed Council reports and minutes throughout year and have not identified any evidence of a weakness in arrangements. The reports we reviewed support informed decision-making and were clear in the decision or recommendation Members were asked to make.

The Council publishes on its website a notice of key decisions. This includes officer decisions under the Officer Scheme of Delegations.

Scrutiny meetings provide an opportunity to challenge decisions. The Scrutiny Coordinating Committee is in place to oversee and coordinate the work and our work identified no matters that indicate a significant weakness in arrangements.

The Council implemented measures to ensure that services could continue despite the restrictions arising during the COVID-19 pandemic. The arrangements included live streaming to allow the public to observe Council meetings.

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

The Council's Constitution is reviewed at least annually and sets out how the Council operates, how decisions are made and the rules and procedures which are followed to ensure that these are efficient and transparent to local people. Supporting the Constitution are codes of conduct for Members and officers. Registers of gifts and hospitality and registers of interest are maintained for Members and officers and are available on the Council website. The Statement of Accounts records material related party transactions as well of senior officer pay and Member allowances. We considered these disclosures and compared them with the interests declared, with no significant issues arising.

We confirmed that contract procedure rules are in place and require procurement decisions to comply with appropriate standards. Contract registers are available on the Council website.



# 3. VFM arrangements – governance

## Overall commentary on the governance reporting criterion - continued

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 and we identified no evidence to indicate a weakness in arrangements.

The Standards Committee is responsible for promoting, maintaining and advising on high standards of conduct by councillors and co-opted members.

A data protection annual report was presented to the July 2021 Audit and Standards Committee, setting out details of the work in the year, as well as highlighting:

- that the Council and its connected organisations build on their engagement with the Data Protection Office and new Data Protection Officer to refine arrangements for the use and management of personal data; and
- The need to update the Information Management Strategy, review of the suite of policies around Data Protection, an updated Performance and Reporting Framework and a programme of compliance audits to reflect new working arrangements post-Covid.

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



# 3. VFM arrangements – improving economy, efficiency and effectiveness

## Overall commentary on the improving economy, efficiency and effectiveness reporting criterion

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

Arrangements are in place to measure the quality of services, to ensure they are delivered in line with our objectives and priorities and for ensuring that they provide value for money. There are performance management arrangements in place including regular reporting to the Chief Officers' Group and Scrutiny. Services are delivered by suitably qualified, trained, and experienced staff, all posts have detailed job profiles / descriptions.

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

Alongside the performance framework in place, the Council considers the output from regulators to evaluation performance and identify areas for improvement. The output from such regulators feeds into the Council's overall risk and assurance map, which is reported regularly to the Audit and Governance Committee.

### Children's Services

As set out earlier in this report, Ofsted re-inspected the Council's children's services in June 2021 and reported that:

*“children's services in Sunderland are outstanding...this highly impressive improvement has incrementally been achieved from the previous Ofsted inspection in 2015 when all aspects of children's services were judged to be inadequate. At the 2018 inspection, solid improvements were judged to have been made, however, there had not been sufficient progress made for children who needed help and protection. Since then, Ofsted visits have continued to find improvements in Sunderland's children's services, including further building on the progress evident in key areas at the focused visit in March 2021. This strong focus on continued improvement is even more impressive given it was during a global pandemic, which is still having a profound impact on the communities in Sunderland, and on the workforce of the Council and of Together for Children”.*

### Special Educational Needs and Disabilities (SEND)

The Council had an inspection of SEND services by Ofsted/CQC in September 2021. This highlighted two areas for recommendations and required the Council and local Clinical Commissioning Group to submit a joint response to the 'Written Statement of Action'. The two areas being:

- joint commissioning; and
- the support for children and young people at times of transition across all services and age ranges.

The joint response to the 'Written Statement of Action' was accepted by the Regulators in early January 2022 and is due to be taken to the Children, Education and Skills Scrutiny Committee in February.

### Adult social care

Unlike children's services, this area has not been subject to external inspection for the past eleven years; however, such external scrutiny is planned to be introduced to reflect that in place in Children's Services.

### 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 arrangements in place for the consistent management of partnerships through a guidance and supporting documents for all Council employees to use when involved with partnerships and supporting arrangements have been in place throughout the year.

Contractual arrangements with the Council's subsidiary companies set out targets around use of resources and improved outcomes, with the subsidiaries performance also being included in quarterly monitoring reports.

Key partners include the local clinical commissioning group, the local All Together Better Alliance, voluntary organisations and, in particular in 2020/21, the Local Resilience Forum.



# 3. VFM arrangements – improving economy, efficiency and effectiveness

## Overall commentary on the improving economy, efficiency and effectiveness reporting criterion - continued

### Integrated Care System

A significant new partnership in the North East will be formally established, subject to the legislation being passed, from 1 April 2022; this is the North East and North Cumbria Integrated Care System (NENC). The Integrated Care Systems (ICS) recognises that public health in this region is amongst the worst in the country and has an ambition to change that.

ICS have been set-up across the country, with an aim of delivering on the NHS Long Term Plan and bringing together, in a partnership, the NHS, councils, combined authorities, voluntary and partner organisations to look at new and different ways of working to improve overall health and wellbeing.

It is noted that, due to pressures in the NHS, the statutory commissioning functions will remain with the local Clinical Commissioning Groups until at least 1 July 2022, however, development of the ICS is continuing and this is a vital partnership for the Council.

An update report was presented to the December 2021 Health and Wellbeing Board on the development of the ICS, setting out progress made, including in respect of 'place-based' arrangements. The ICS presents both opportunities as well as challenges. A Sunderland Integrated Care Executive (the 'Executive') has been established with chief executive representation from key partners across the Sunderland system including from the Council, the Clinical Commissioning Group and NHS provider organisations. The Executive will lead and support the transition to new place-based arrangements within Sunderland.

The challenges include maintaining a focus on the local Sunderland area, whilst working as part of a much larger partnership; this is an area which the ICS is developing, recognising that effective arrangements for focusing on each 'place' need to be in place.

**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 their 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

The National Audit Office (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 issuing this report, the NAO guidance to auditors has not been received, therefore, we are unable to carry out this work. Until this work is concluded we cannot issue our audit certificate.



## 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 April 2021. For the 2020/21 financial year, our fees are as follows, noting that additional fees are subject to review and approval by Public Sector Audit Appointments Limited (PSAA):

Area of work	2019/20 fees	2020/21 fees
Fee in respect of our work under the Code of Audit Practice	£104,546	£104,546
Recurrent scope changes: additional fees in respect of complex group consolidation adjustments	£0	£5,227
Recurrent scope changes: additional fees in respect of property, plant and equipment valuations due to increased regulatory requirements	£15,912	£15,912
Recurrent scope changes: additional fees in respect of pensions due to increased regulatory requirements	£10,041	£10,041
In-year scope change: additional testing as a result of the implementation of new auditing standards: ISA 540 (revised) auditing accounting estimates and related disclosures; ISA 570 (revised) going concern Range set by PSAA for a metropolitan borough council being up to £4,300.	£0	£1,500
<i>Additional requirements for Sunderland City Council: additional work in respect of Public Interest Entity status (n/a from 2020/21 onwards)</i>	£5,108	£0
<i>Additional requirements for Sunderland City Council: additional property, plant and equipment (PPE) valuations testing of schools modern equivalent asset valuations and external works assumptions</i>	£0	£3,659
<i>Additional requirements for Sunderland City Council: PFI shared waste facility expert valuation review</i>	£3,917	£1,275
<i>Additional requirements for Sunderland City Council: revised pensions report</i>	£0	£2,091
<b>Value for money:</b> implementation of the new approach on VFM arising from the change to the Code of Audit Practice. Range set by PSAA for a metropolitan borough council being £10,000 - £19,000.	£0	£15,682
<b>Total</b>	<b>£139,524</b>	<b>£159,934</b>

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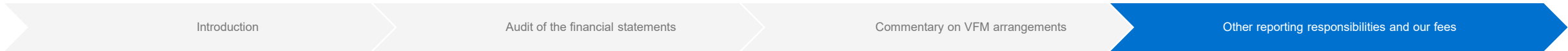
# 4. Other reporting responsibilities and our fees

## Fees for other work

We carried out the following work for the Council in the year:

Area of work	2019/20 fees	2020/21 fees
Teachers' Pensions 2020/21 return	£4,000	£4,205
Housing Benefits Subsidy return*	£11,880	£10,600
Housing Benefits Subsidy 2019/20 return – additional work*	£6,500	n/a

\*Housing Benefits work is being completed at the time of writing this report; any additional work required will be charged at our daily rate set out in our engagement letter



## Mazars

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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.

