

# **MINUTES OF AUDIT AND STANDARDS COMMITTEE**

Tuesday, 7 February 2023  
(7:00 - 7:45 pm)

**Present:** Cllr Princess Bright (Chair), Cllr Rocky Gill (Deputy Chair), Cllr Dorothy Akwaboah, Cllr Josie Channer, Cllr Margaret Mullane, Cllr Adegboyega Oluwole and Cllr Muazzam Sandhu

**Also Present:** Stephen Warren, Independent Advisor

**Apologies:** Cllr Manzoor Hussain

## **24. Declarations of Interest**

The Independent Advisor (IA) disclosed that he was engaged as a consultant to Public Sector Audit Appointments (PSAA) which appointed the Council's external auditor. The IA disclosed that he had advised on the financial evaluation on the forthcoming tender and the potential impact on the time that would be required as a result of changes in auditing and accounting standards requirements.

The IA assured the Committee that it did not directly affect Barking and Dagenham Council or the appointment of an external auditor. The Chair agreed that this was not a disqualifying interest and permitted the IA to continue to participate in the meeting.

## **25. Minutes - To confirm as correct the minutes of the meeting held on 6 December 2022**

The minutes of the meeting held on 6 December 2022 confirmed as correct.

## **26. Council's Accounts Audit Update - 2019/20 and Subsidiaries' accounts audit - 2021/22**

The Principal Accountant (PA) updated the Committee.

BDO was unable to conclude their work as the Audit Partner (AP) was signed off sick. BDO was now targeting a window of four weeks in mid-March to carry out all remaining work on the Audit Completion Report, with the intention of signing off the audit by the end of April 2023. Therefore, the next meeting of the Audit and Standards Committee had been rescheduled to 24 April 2023 in light of this.

The PA reported that the 2021/22 audits of the Council's subsidiaries were completed more quickly than the previous year and were unqualified. At the time of the presentation, the audit of all but two of the Council's subsidiary companies had been completed and accounts filed with Companies House. All of the subsidiaries had been audited by a different firm and not BDO.

The audit of Reside had been challenging and the PA disclosed that the Council had sought, and been given, authorisation by Companies House to extend the filing deadline. The PA expected the Reside and BD Giving audits to be signed off

and filed with Companies House by the end of February 2023. The audit work for BD Trading Partnerships' 2021/22 accounts had been largely completed and was in its final phase.

The Committee expressed its disappointment at the latest delay to the 2019/20 Audit completion report and the non-attendance of BDO representatives.

The Strategic Director of Finance and Investments (SDFI) acknowledged the Committee's concerns. The SDFI disclosed that the AP was undertaking a phased return to work. In addition to this, the AP had pre-planned leave. Upon their return, the AP would work only on Barking and Dagenham's audit as well as that of Barnet Council. This was deemed sufficient time to carry out all outstanding work. It was expected that audit work would be completed in April 2023 and the Audit Completion Report submitted to the Committee for consideration soon after. The SDFI also disclosed that the plan for the 2020/21 audit would follow.

BDO had written to the Chairs of the Audit Committees and the Chief Financial Officers of the councils that it was auditing, informing them that it would not commence work on 2021/22 audits and beyond until they had cleared their backlog of earlier audits.

There was a shortage of auditors who were qualified to carry out local government audits, as evidenced by the dependence on specific individuals and the SDFI emphasised that this was not unique to BDO. Appointing a new Audit Partner would also result in further delays as they would need time to understand the Council's structure and review already completed work. The Financial Reporting Council (FRC) had recruited a new Head of Local Audit who had a background in local government auditing. It was hoped that this would result in changes to requirements in relation to local government audits, which the SDFI said differed little from private sector requirements despite major differences in operational requirements.

The Committee asked what the outcome would be if the April deadline was not met. The SDFI explained that April was when BDO, in line with other auditors, would focus on NHS-related audits and therefore the completion report would be delayed to July 2023. It was hoped that this would be avoided.

The IA and the SDFI clarified that the Council faced no penalty for late completion nor was there a requirement for the filing of audits under the relevant legislation. However, the Council was required to publish accounts with a statement that the audit had not been completed.

The IA clarified that the law stipulated that local authority auditors must be separately licenced and only those auditors were permitted to sign off local authority audits adding that there was a limited number of auditors qualified to do so. The IA, responding to the Committee's questioning, said that if there were further delays, the Council had the option of directly approaching PSAA, which appointed the auditor.

The Committee noted the update.

## **27. The Localism Act 2011- Appointment of Independent Persons**

The Head of Law (HoL) updated the Committee.

In July 2022, the Assembly agreed that the current Independent Person could remain in post until May 2023. The Monitoring Officer had been contacted and had agreed to continue as the Independent Person under the present arrangements.

The HoL asked the Committee to agree to the limited cyclical recruitment of a reserve independent persons with the purpose of increasing diversity and inclusion. The HoL provided the Committee with three options-

- Option A Carry out fresh recruitment cycle of all Independent persons;
- Option B Retain the existing Independent Persons;
- Option C Retain the existing Independent Persons and carry out a limited cyclical recruitment cycle for a reserve Independent Person.

The Committee agreed to Option C Retain the existing Independent Persons and carry out a limited cyclical recruitment cycle for a reserve Independent Person the limited cyclical recruitment of a reserve independent person.

## **28. Complaints Update**

Responding to questioning, the HoL explained that where a complaint was dismissed as vexatious, the complainant had the option of pursuing the complaint with the Local Government Ombudsman.

The Committee noted the update.

## **29. Work Programme 2022/23**

The Committee noted the work programme.

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