

## AUDIT AND STANDARDS COMMITTEE

9 May 2023

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| <b>Title:</b> Council's Accounts Audit Update - 2019/20, Subsidiaries' accounts audit – 2021/22 and Progress on Accounts Closure – 2022/23   |  |
| <b>Report of the Chief Financial Officer</b>   |  |
| <b>Open Report</b>   | <b>For Decision</b>  |
| <b>Wards Affected:</b> All   | <b>Key Decision:</b> Yes   |
| <b>Report Author:</b> Thomas Mulloy, Chief Accountant  | <b>Contact Details:</b><br>E-mail:<br><a href="mailto:Thomas.Mulloy@lbbd.gov.uk">Thomas.Mulloy@lbbd.gov.uk</a> |
| <b>Accountable Director:</b> Philip Gregory, Chief Financial Officer (Section 151 Officer)   |  |
| <b>Accountable Strategic Leadership Director:</b> Philip Gregory, Chief Financial Officer (Section 151 Officer)  |  |
| <b>Summary</b><br><br>This report is to note an update regarding the external audit of the Council's Statement of Accounts 2019/20 as well as of a subsidiary. And to update on the latest regarding 2022/23 accounts closure of the Council's single entity accounts. |  |
| <b>Recommendation(s)</b><br><br>The Audit and Standards Committee is recommended to note the contents of this report.  |  |
| <b>Reason(s)</b><br><br>It is a statutory obligation for the Council's Statement of Accounts to be produced and audited, and that the Statement of Accounts and the Annual Governance Statement must be approved by a Committee of the Council                         |  |

### 1. Introduction and Background

- 1.1 At the last meeting of the Committee, BDO provided a timetable to the Committee for completing the 2019/20 audit which has been beset by delays. The plan was to complete the audit by May 2023 and to present it to the Committee at June ASC. However, this now does not look feasible. BDO will be providing a verbal update to the Committee on the progress in meeting the deadlines that were set out.
- 1.2 Although the 2019/20 accounts audit of the Council and its Group Accounts is still on-going, the individual 2021/22 accounts audits of the Council's subsidiaries are completed with the exception of one – Barking & Dagenham Trading Partnership. See below for further information.

- 1.3 Work is already underway for the Council's single entity FY22/23 accounts closure. Compared to last year, significant progress has been made and this is in some part attributed to a new tool acquired during the year.
- 1.4 The intention is to have a complete working set of single entity accounts ready by end May 2023, thus meeting the statutory deadline. However, the Group Accounts are subject to timely receipt of draft accounts from the subsidiaries. Every effort is being made to publish the draft accounts online along with the previous years' versions.

**1.4.1 Barking & Dagenham Trading Partnership (BDTP Group)**

This has been delayed and an extension has been requested from the Companies House. The audit fieldwork is completed and their external auditors need to carry out final checks which are expected to take place in the coming weeks.

**2. Financial Implications**

*Implications completed by: Thomas Mulloy, Chief Accountant*

- 2.1 Other than the audit fees previously mentioned in the Audit Plan, there are no financial implications arising from the report.

**3. Legal Implications**

*Implications completed by: Dr Paul Feild, Senior Governance Lawyer*

- 3.1 The Chief Financial Officer has a statutory duty, under Section 151 of the Local Government Act 1972, to ensure that there are proper arrangements in place to administer the Council's financial affairs. An essential component of sound administration is a sound audit function.
- 3.2 The Local Audit and Accountability Act 2014, established a new audit regime. Local Authorities must appoint a local auditor which in carrying out its' role must be satisfied that the authority has:
- made proper arrangements for securing economy, efficiency and effectiveness in its use of resources;
  - in its accounts comply with the requirements of the enactments that apply to them;
  - observed proper practices in the preparation of the statement of accounts and that the statement presents a true and fair view.
- 3.3 This is supported by the Code of Audit Practice, published by the NAO, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

**Public Background Papers Used in the Preparation of the Report: None**