

AUDIT AND STANDARDS COMMITTEE

28 June 2023

Title: Council's Accounts Audit Update - 2019/20, Subsidiaries' accounts audit – 2021/22 and Progress on Accounts Closure – 2022/23	
Report of the Chief Financial Officer	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Director: Philip Gregory, Chief Financial Officer (Section 151 Officer)	
Accountable Strategic Leadership Director: Philip Gregory, Chief Financial Officer (Section 151 Officer)	
Summary 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.	
Recommendation(s) The Audit and Standards Committee is recommended to note the contents of this report.	
Reason(s) 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 confirmed they would not be in a position to complete the audit before this meeting. And it was agreed that BDO would provide a detailed timetable relating to the completion of the 2019/20 audit, for consideration at this meeting. The Council has since received the proposed timetable and this is outlined at the next section.

2. Accounts Audit Update – 2019/20

- 2.1 In order to set out the context behind the delays, the following timeline must be noted:

- 2.1.1 The 2019/20 accounts were published by 31 Aug 2020 in accordance with the extended deadline from DLUHC.
- 2.1.2 Following the delayed 2018/19 accounts audit, the ASC work programme amended to receive 2019/20 audit completion at 27 April 2021. The timetable provided at 21 Jan 2021 ASC remained committed to an April 2021 sign-off with additional resources committed by BDO to achieve this.
- 2.1.3 An update was presented by BDO to the ASC on 19 May 2021 confirming that 75% of the audit was complete and that completion was a priority following NHS work. The updated completion date was August 2021. This target completion was confirmed again at the 12 July 2021 ASC meeting.
- 2.1.4 Audit restarted in Sept 2021, however with no definitive completion date provided.
- 2.1.5 At the 31 Jan 2022 ASC meeting, BDO confirmed fieldwork was expected to be complete by Feb 2022.
- 2.1.6 An interim ACR (ISA260) was provided to the ASC in March 2022 with the expectation that sign off would be in April 2022 (subject to agreement on the treatment of infrastructure assets).
- 2.1.7 In Oct 2022, BDO were confident they would be complete by Jan 2023. In Dec 2022, BDO were aiming for March 2023 completion. In Feb 2023, this had shifted to April 2023. In May 2023, ASC were informed that the audit was unlikely to be complete by their July meeting and a timetable for completion would be provided.
- 2.1.8 The most recent timetable indicates that the audit work will recommence in Sept 2023 with completion in November and a sign-off in Jan 2024.
- 2.1.9 Some of the issues still prevalent in 2019/20 accounts but finance team have responded to queries and agreed corrections where necessary.
- 2.1.10 The finance team will work with BDO to ensure any review points raised on work done are closed off. Also work on producing the working papers for the infrastructure assets has now been on hold so as to prioritise the publication of recent years' draft accounts.

3. Barking & Dagenham Trading Partnership (BDTP Group)

- 3.1 Further to previous update, the FY21-22 Group Accounts for the BDTP have now been signed off by their external auditors and were filed at the Companies House on 27 May 2023.

4. Progress on Accounts Closure – 2022/23

- 4.1 Significant progress has been made on producing the draft Council's single entity FY22/23 accounts. This represents a big turn around compared to the previous years.

- 4.2 It must however be noted that there have been some delays in finalising outturn position from the subsidiaries. These figures feed into the Council's single entity accounts.
- 4.3 Previously the intention was to wait for the completion of FY19/20 accounts audit before the Council could publish the draft accounts of FY20/21 and FY21/22. This is now not practical given the ongoing delays.
- 4.4 The aim is to publish all three draft accounts (FY20/21, FY21/22 & FY22/23) as soon as possible with end June being the likely target date. The Group Accounts may have to wait given the time it takes for the subsidiaries to produce their complex accounts.
- 4.5 The finance team is keen to get back to the usual cycle of publishing the draft accounts as per statutory deadline. Work over the years have ensured the Council are in a position to do this going forward.

5. Financial Implications

Implications completed by: Thomas Mulloy, Chief Accountant

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

6. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Lawyer

- 6.1 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.
- 6.2 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.
- 6.3 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