



Report to the Audit and Standards Committee

# LONDON BOROUGH OF BARKING AND DAGENHAM

Audit Progress: year ended 31 March 2020

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## AUDIT UPDATE



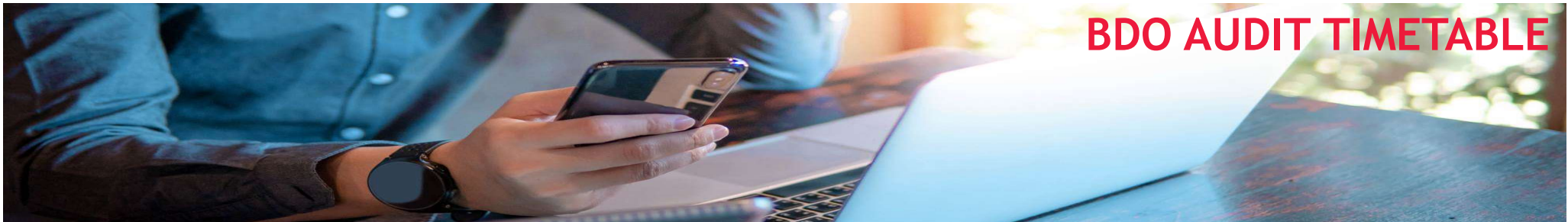
I replaced Lisa Blake in January 2024 as the engagement Partner owing to Lisa's scheduled retirement. We are in the process of undertaking a detailed handover to me to ensure I am briefed on the current progress of our audit. This has included introductions to the Council's finance team.

Our intention is to finalise the remaining outstanding areas of the audit to enable reporting and issuing of our audit report in August 2024. I recognise that this is a longer timeframe than the Council would want. However, as I am taking over as Key Audit Partner, I will need to conduct a full review of our file and work to ensure I am content with the procedures performed to date. We have set out a proposed timeline for the conclusion of our audit on the following page.

There is an expectation that a consultation will take place shortly on a sector wide solution to addressing the backlog of Local Government auditor reporting. This is expected to include a revision to the Code of Practice to include a 'backstop date' by which all outstanding audit reports will be issued by. We are currently waiting on the detailed consultations from the National Audit Office, the Financial Reporting Council, and Public Sector Audit Appointments to understand the impact that the revised arrangements will have on the remaining audits to 31 March 2023.

Steve Bladen

24 January 2024



## BDO AUDIT TIMETABLE

We have proposed to officers the following timetable to progress the current audit

### JANUARY 2024

- ▶ Meet with senior members of the finance team and Chair of Standards and Audit Committee to provide an update on changes at Key Audit Partner level
- ▶ Provide update report to Standards and Audit Committee

### FEBRUARY - APRIL 2024

- ▶ Completion of Manager review of completed audit procedures and clearance of review points raised by Manager
- ▶ Completion of Key Audit Partner reviews and audit team clearance of any review points raised
- ▶ Clearance of review points raised by BDO's Financial Reporting Technical Standards reviewer on the draft financial statements and
- ▶ The Council to respond to queries relating to audit procedures and provide additional information as required

### JULY - AUGUST 2024

- ▶ Finalise audit procedures
- ▶ Reconsider any new information that has arisen
- ▶ Undertake BDO internal quality review procedures.
- ▶ Meet with Officers to discuss key audit findings.
- ▶ Draft reporting for TCWG
- ▶ Review revised financial statements
- ▶ Report the final position to TCWG
- ▶ Issue 2019/20 auditors report

### SEPTEMBER 2024

- ▶ Issue combined auditors annual report and commentary on VFM
- ▶ Issue auditors reports on 2020/21, 2021/22 and 2022/23 in line with new code requirements

## AUDIT SECTOR CONTEXT

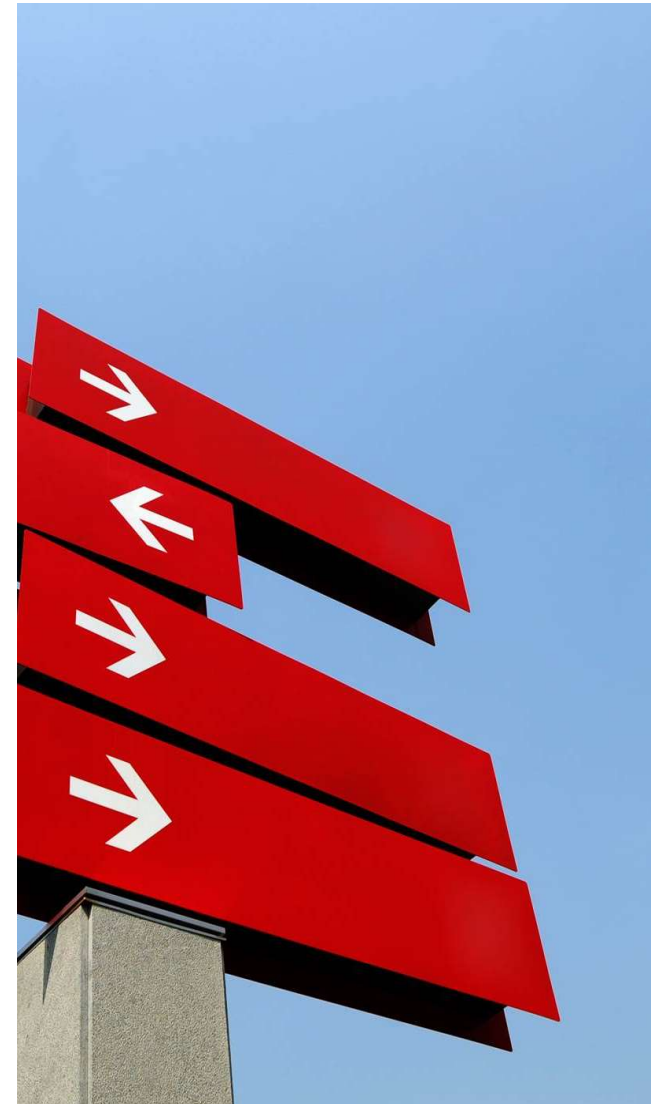
The sector has seen a number of pressures arising since the faster close agenda brought the reporting deadline forward for the 31 March 2019 period to 31 July 2019. Only 60% of local government bodies were able to publish audited accounts by this deadline. By exception, there remain a number of 2018/19 audits outstanding.

The 31 March 2020 publication deadline, initially revised from July 2020 to the end of September 2020, was then further extended to 30 November 2020. However, only 45% of local government bodies were able to publish audited accounts by this extended deadline.

Recruitment and retention of staff, reduction of fees and increased regulatory requirements have continued to add to this pressure sector wide. It has been widely recognised that the audit sector, and public sector audit specifically, requires reform to enable it to remain sustainable. The Redman review focuses on recommendations to help achieve this in the longer term.

Alongside these already present pressures, a global pandemic manifested additional impacts and pressure. New challenges of remote working, onboarding and training new staff remotely, communication, IT support and illness within the team directly impacting efficiency and delivery. A national issue with infrastructure asset reporting has further impacted delays.

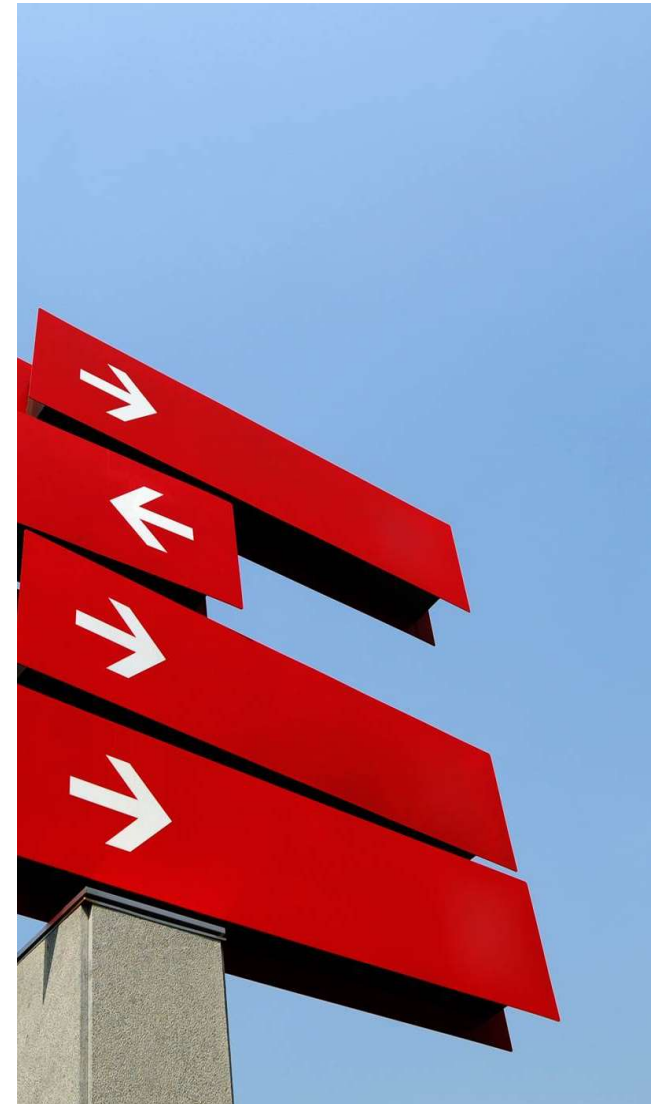
The 31 March 2021 publication deadline was set at end September 2021. Audit firms and audit regulation bodies did feedback that this was not realistically achievable. Only 9% of 2021 audits were completed by 30 September 2021, with 20% by 30 November 2021, 40% by 31 December 2021 and 50% by April 2022. 34% of 2020/21 audit opinions remained outstanding at 31 December 2022. As at October 2023 there were cumulatively 918 outstanding audit opinions.



## AUDIT SECTOR CONTEXT (CONT.)

As outlined by the Comptroller and Auditor General earlier this month we understand that the proposed backstop date for audits up to 31 March 2023 will be 30 September 2024. We await detailed guidance from the senior stakeholders on the mechanics of the backstop process and will update audited bodies in February 2024 with our plans, including plans to deliver the required VfM work for periods up to 31 March 2023.

Work on finalising the 2019/20 audits of the main Council's accounts and of the Pension Fund is progressing in line with the timetable outlined above. At this stage we anticipate that a full auditor report will be issued for 2019/20, however the imposition of the backstop date will likely apply to the remaining audit periods to 31 March 2023.





FOR MORE INFORMATION:

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the Council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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