

AUDIT AND STANDARDS COMMITTEE

22 JULY 2024

Title: BDO verbal update of the 2019-20 audit and the publication of the 2020-21, 2021-22 & 2022-23 Statement of Accounts	
Report of the Strategic Director of Resources	
Open Report	For Information
Wards Affected: All	Key Decision: No
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Accountable Director: Michael Bate, Interim Director of Financial Services & Deputy S151 Officer	
Accountable Executive Team Director: Jo Moore, Interim Strategic Director, Resources and S151 Officer	
Summary <p>This report summarises the ongoing position regarding the outgoing external auditor's (BDO) progress in relation to their audit of the Council's Statement of Accounts for 2019/20. A report would normally be provided but BDO have advised that their position and timescale forecast is unchanged since they last reported to Committee in March 2024, and they will therefore provide a verbal update only.</p> <p>Their key outstanding tasks relate to their internal review process. It should be noted that there are still no matters outstanding from the Council's perspective. Finalisation of the audit continues to be forecast for the end of August 2024.</p> <p>They are also proposing to issue the annual report and commentary on VFM for the 2020/21, 2021/22 and 2022/23 Statement of Accounts by September 2024 subject to the outcome of the consultations of the Accounts and Audit Regulations 2015 and the National Audit Office Code of Audit Practice on the backstop arrangements, which given the recent General Election and subsequent change of Government, are currently on hold.</p>	
Recommendation(s) <p>The Committee is recommended to note the contents of this report.</p>	
Reason(s) <p>As prescribed in The Accounts and Audit (England) Regulations 2015, 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.</p>	

1. Introduction and Summary

- 1.1 At the last meeting of the Committee, BDO revised their timeline for the completion of the 2019/20 audit to the end of August 2024 and the latest progress report does not propose any change to this date.
- 1.2 The detail behind the £230k additional fees incurred to date was promised at the last meeting but has still not been provided.
- 1.3 The Draft Statement of Accounts for financial years 2020-21, 2021-22 and 2022-23 have all been published and the notice of inspection for 2020-21 and 2021-22 have ended and the notice of inspection for 2022-23 will end on the 6 August 2024.
- 1.4 Based on the guidelines consulted upon in February 2024, DLUHC proposed that these accounts if published by 30 September 2024 can be finalised with external auditors giving modified opinions of the accounts.
- 1.5 This arrangement has not been confirmed and following the recent election the final decision on the implementation of backstop dates has again been delayed. When the backstop arrangements are confirmed, they will be presented to the Committee.
- 1.6 The Committee should note that the Annual Governance Statements for the outstanding years have not yet been approved at Committee due to the audit delay and “backstop position”, but the unaudited draft accounts have been published and are available on the Council website as follows:

2022/23 - [LBBB SoA 2022-23](#)

2021/22 - [LBBB SoA 2021-22](#)

2020/21 - [LBBB SoA 2020-21](#)

2. Revised Timeline

- 2.1 The timeline is as last presented to the March meeting with final sign off expected by 31 August 2024.

3. Options Appraisal

- 3.1 The audit of the Council’s Statement of Accounts follows a prescribed process and, as such, there are no other options to appraise.

4. Consultation

- 4.1 The audit of the Council’s Statement of Accounts follows a prescribed process and, as such, does not require consultation.

5. Financial Implications

Implications completed by: Jo Nacey – Interim Chief Accountant

- 5.1 The continued delay in the sign off the 2019/20 and subsequent Accounts will have an impact on the work of the incoming auditors Grant Thornton (GT). Discussions are ongoing to decide whether GT can take assurance from the opening balances, which will not have been audited by BDO to date. This may entail further work for GT and hence further expense for the Council.
- 5.2 A breakdown of the £230k additional fees is still required from BDO.

6. Legal Implications

Implications completed by: Dr Paul Feild - Principal Standards & Governance Solicitor.

- 6.1 The Local Audit and Accountability Act 2014 requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit Regulations 2015 (the 'Regulations'). Regulation 9 sets out a timetable and requires certification by the Council's responsible Finance Officer of the statement and then consideration by a Council Committee to consider the statement and approve by resolution. This report is prepared in compliance with that obligation.
- 6.2 Following approval, the Council must publish no later than 30 September 2024 the Statement of Accounts, the Annual Governance Statement as approved and a narrative statement by the Council on its financial performance, and economy, efficiency and effectiveness in the use of its resources over the financial year.
- 6.3 The said Regulations 2015 require that, where an authority is not able to publish its audited Statement of Accounts by the date set out in the regulations, it is required to publish a Notice to that effect.

7. Other Implications

- 7.1 **Risk Management** - The preparation of timely, high-quality accounts is a key component of a system of good governance and accountability to our residents. The continued delays to audit completion and the lack of detail behind additional fees create risks of uncertainty for the Council.