

Resources
7 Newington Barrow Way
London N7 7EP

Report of: Corporate Director of Resources

Meeting of	Date	Agenda Item	Ward(s)
Audit and Risk Committee	18 September 2023		All

Delete as appropriate		Non-exempt
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Statement of Accounts 2021/22 and Audit Findings

1. Synopsis

- 1.1. This report sets out the Statement of Accounts for 2021-22 and the External Audit Findings Report. It demonstrates sound financial management and provides evidence to stakeholders that they should have confidence in the Council's financial future.
- 1.2. The External Auditors Audit Findings Report highlights a number of recommendations to those charged with governance.

2. Recommendations

- 2.1. To note the auditor's Audit Findings Reports and Value for Money conclusion.
- 2.2. To note the action plans of recommendations in the Audit Findings Report.
- 2.3. To approve the 2021-22 Statement of Accounts, delegating to the Corporate Director for Resources in consultation with the Chair of the Committee to make any final amendments that might arise in the final part of the audit subject to no material changes.
- 2.4. To approve the draft Letter of Representation to allow the Section 151 Officer and Chair of the Committee to sign on behalf of the organisation.

3. Background

- 3.1. Each year the council's external auditor presents to the Committee their Audit Findings Report (AFR). This is produced alongside the statement of accounts and annual governance statement for approval.
- 3.2. The Council is required to prepare financial accounts covering the period from 1st April to 31st March, each year. These statements have to be presented in the required statutory format, following the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code).
- 3.3. Originally the Auditors were scheduled to complete the audit by January 2023, however this has been subsequently delayed first to March 2023, then May 2023 and now to September 2023. This has been detailed on the first page of the Audit Findings Report.
- 3.4. The audit is not finalised with a few minor work strands to still to be finished, although the process is substantially complete.

4 Statement of Accounts 2021/22

- 4.1 This year's submission deadlines for completion have been severely affected following the challenging regulatory environment of Local Authority audits that has caused a significant additional workload and delay to the process.
- 4.2 Between the 3rd October and the 11th November 2022 the accounts and supporting documentation were made available for public inspection. The relevant statutory public notice was published on the Council's website. Although there were no comments or objections to the Council's accounts during this period, there remains an outstanding objection relating to the 2020/21 accounts.
- 4.3 This objection relates to apportionment of leasehold service charges and has been outstanding since 2021. This will be dealt with by the Auditors in line with the correct process. The Auditors are satisfied this work does not have a material effect on the financial statements.
- 4.4 Overall the draft audit opinion states that the financial statements:
 - Give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
 - Have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22; and
 - Have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014
- 4.5 The Statement of Accounts (including Pension Fund) are expected to receive a clean final audit opinion from the Council's auditors. The Auditor identified five misstatements

within the Council's accounts and two within the Pension Fund. None of those were material and a summary of the adjustments made to the accounts can be found in Appendix C to the Audit Findings Report.

- 4.6 The largest adjustment to the Accounts is in relation to the defined benefit obligations of the Council's Pension Fund. This is a result of the triennial valuation that was finalised in March 2023 adjusting for the actual movements in membership data. Given the Council Pension Fund liabilities are so large at over £2bn, small movements in assumptions make large differences.
- 4.7 It is worth pointing out that this issue has only arisen as the audit was not completed before March 2023.
- 4.8 The Auditor's draft Audit Findings Reports for the year ended 31 March 2022 is attached at Appendix C. This summarises the findings of the 2021-22 audit, which is substantially complete albeit with some queries remaining at the time of writing. The auditors have advised that the outstanding queries are not significant and are not expected to be problematic.
- 4.9 The Auditor will attend the meeting of the Committee to present his findings and update the Committee on any matters that may have arisen since the publication of his report.
- 4.10 Included at Appendix F of the Audit Findings Report is a letter to the Committee Chair from the Auditor in relation to the Value for Money arrangements.
- 4.11 It is a requirement of the International Auditing Standards for the Auditors to request a letter from the Council that sets out various representations. Appendix B sets out a draft of the letter that will be signed by the Council's Statutory 151 Officer and Chair of the Audit and Risk Committee on behalf of the Council's management. If there is any material change to the letter prior to its signing and communication to the Auditor, this will then need to be reported to the Committee.

5 Implications

Financial Implications:

- 5.1 There are no direct financial implications resulting from this report.

Legal Implications:

- 5.2 The Council must keep adequate accounting records and prepare an annual statement of accounts (3(3)) Local Audit and Accountability Act 2014). The Accounts and Audit Regulations 2015 (SI 2015/234) set out detailed requirements for the preparation, approval and publication of the statement of accounts.

Environmental Implications and contribution to net zero carbon by 2030.

- 5.3 There are no direct environmental impacts arising from this report.

Resident Impact Assessment

- 4.5 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 4.6 A resident impact assessment has not been carried out since the contents of this report relate to a purely administrative function and there are no direct impacts on residents.

Appendices:

Appendix A Statement of Accounts 2021/22
Appendix B Letter of Representation 2021/22
Appendix C Draft Audit Findings Report

Background papers:

Report of the External Auditor - Audit Progress Report 23rd May 2023

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