

**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	29 January 2023		All

Delete as appropriate		Non-exempt
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## External Audit Update

### 1. Synopsis

- 1.1. The Council's current external auditors, Grant Thornton, will be present to update on their progress for the 2022/23 statement of accounts audit.
- 1.2. The Audit and Risk Committee were to receive the audit findings report and statement of accounts for sign off at this meeting, but this has unfortunately been delayed.
- 1.3. The 2021/22 Statement of accounts have now received an unqualified opinion from the auditors and have been signed off by the Council and auditors, however, the final audit certificate cannot be issued due to an outstanding objection on the 2020/21 statement of accounts.

### 2. Recommendations

- 2.1. To note the auditor's external audit update

### 3. Background

- 3.1. The Council is responsible for delivering a statement of accounts by 31<sup>st</sup> May each year for the period 1<sup>st</sup> April to 31<sup>st</sup> March. These accounts are audited by the Council's appointed external auditors, currently Grant Thornton, with a deadline for publication of audited accounts being 30<sup>th</sup> September.
- 3.2. Deadlines for 2021/22 and 2022/23 deadlines 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. There has also been a lack of resourcing in the wider external audit market.

- 3.3. Additionally, Grant Thornton have experienced internal resourcing issues which have delayed the production of the audit findings report from November 2023 in the original audit plan to now March 2024.
- 3.4. Central Government has moved the backstop for local authorities to have their opinions issued to 30<sup>th</sup> September (one year after the official deadline) from 31<sup>st</sup> March. This effectively means that any accounts not approved by this date will be qualified.

#### **4 Statement of Accounts 2021/22**

- 4.1 Despite lengthy delays to the process, the Council's 2021/22 statement of accounts were signed off and an unqualified opinion issued in January 2023. No significant issues within the accounts were reported.
- 4.2 The Auditors cannot issue the certificate until the objection on the accounts has been resolved. This relates to apportionment of leaseholder service charges. Grant Thornton has commissioned an expert resource to assist with resolving this matter which is complex.

#### **5 Statement of Accounts 2022/23**

- 5.1 The external auditor is presenting an update on the audit progress for the 2022/23 audit at the meeting. No significant issues have been identified so far during the process.
- 5.2 Officers have noted there has been little progress with the audit since December 2023 despite having significant internal resource in place to deal with any queries raised.
- 5.3 The Council's new auditors for 2023/24, KPMG, wish to start work on next years audit in July 2024. This will only be possible if the audit for 2022/23 has been completed by Grant Thornton. It is therefore vital that Grant Thornton are able to deliver the audit findings report and opinion for the 18<sup>th</sup> March Meeting.

#### **6 Implications**

##### **Financial Implications:**

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

##### **Legal Implications:**

- 6.2 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.**

6.3 There are no direct environmental impacts arising from this report.

**Resident Impact Assessment**

6.4 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.

6.5 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 External Audit Update

**Background papers:**

None

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**Legal Implications Author:** N/A

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