



Audit Panel

Report title: Statement of Accounts 2021/22 & External Audit Update

Date: 08 September 2022

Key decision: No.

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director of Corporate Resources

Outline and recommendations

The purpose of this report is to:

- Provide an update to the members of the Audit Panel on the 2021/22 Statement of Accounts and progress with the statutory external audit processes.
 - Provide an update on the recommendations to the Action Plan and VFM recommendations 2020/21.

1. Summary

- 1.1. The purpose of this report is to provide an update to the members of the Audit Panel on 2021/22 Statement of Accounts and statutory external audit processes.
- 1.2. The report also provides members with the management action responses to the auditor recommendations made as part of the 2020/21 external audit as well as those included within the Auditor's Annual (Value for Money) report.

2. Recommendations

- 2.1. The Audit Panel is recommended to note the contents of the report.

3. Policy Context

- 3.1. The information set out in the financial accounts is consistent with the delivery of the Council's corporate priorities (contained within the Corporate Strategy 2018-22) and is particularly relevant to the Council's strong and resilient framework for prioritising action which has assisted the organisation in the face of austerity and ongoing cuts to local government spending.

4. 2021/22 Statement of Accounts Update

- 4.1. The Department for Levelling Up, Housing and Communities published on 16 December 2021, measures to support the timely completion of local government audits. This included extending the deadline for preparing draft accounts to 31 July 2022 and publishing audited accounts to 30 November 2022 for 2021/22 accounts.
- 4.2. Lewisham Council successfully published the draft 2021/22 Statement of Accounts on 29 July 2022, the Pension Fund Accounts on 24 August 2022 and are working to publish audited accounts by 30 November 2022.
- 4.3. The statutory public inspection is open until 09 September 2022 for the Statement of Accounts and 04 October 2022 for the Pension Fund Accounts.
- 4.4. The final audit is underway with sampling selected for income, expenditure, cut off and banking. Weekly meetings will commence from September to ensure queries are resolved timely.
- 4.5. It is expected that the final audit will be substantially complete with an addendum for the Audit Panel on 09 November. This will allow the accounts to be presented to Council on 23 November 2022 for approval before publication.
- 4.6. There is a significant risk on infrastructure assets. CIPFA has established a Task and Finish Group to address the issues around derecognition of parts of infrastructure assets following 'replacement' expenditure. An update to the accounting code is being considered. Subject to approval, it is anticipated that the update to the Code will be available mid-September 2022. The external audit of the Statement of Accounts cannot be finalised until this issue is resolved.

5. 2020/21 Audit Findings Report

- 5.1. The Audit Findings Report for London Borough of Lewisham and Lewisham Pension Fund for the year ended 31 March 2021, included an action plan. This consisted of a number of recommendations for the Council as a result of issues identified during the course of the 2020/21 audit.
- 5.2. Progress on these recommendations is included within Appendix A.

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6. 2020/21 Auditor's Annual Report (VfM) Report

- 6.1. Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 the Council's appointed external auditors, currently Grant Thornton, are required to satisfy themselves that the Council has made proper arrangements for securing the economy, efficiency, and effectiveness of the use of its resources.
- 6.2. For Lewisham Council the auditors reported on the risks assessed in respect of: 1) Financial sustainability; 2) Governance; and 3) Improving VFM. The annual report for the 2020/21 findings identified thirteen recommendations.
- 6.3. Progress on these recommendations is included within Appendix B.

7. Financial implications

- 7.1. There are no financial implications directly arising from this report.

8. Legal implications

- 8.1. There are no legal implications directly arising from this report.

9. Equalities implications

- 9.1. There are no equalities implications directly arising from this report.

10. Climate change and environmental implications

- 10.1. There are no climate change and environmental implications directly arising from this report.

11. Crime and disorder implications

- 11.1. There are no crime and disorder implications directly arising from this report.

12. Health and wellbeing implications

- 12.1. There are no health and wellbeing implications directly arising from this report.

13. Report authors and contact

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14. Appendices

- 14.1. Appendix A – Action Plan Recommendations - Audit Findings Report for London Borough of Lewisham and Lewisham Pension Fund for the year ended 31 March 2021
- 14.2. Appendix B - Auditor's Annual Report (VfM) Recommendations for the year ended 31 March 2021

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