



## Audit & Risk Committee

### External Audit Update

**Date:** 01 November 2023

**Key decision:** No

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Terence Madgett, Chief Accountant

### Outline and recommendations

The purpose of this report is to:

- Provide an update to the members of the committee on the progress of the 2022/23 audit of the accounts.
- Provide an update on the 2021/22 Audit Findings Report recommendations.
- Note Grant Thornton's 2022/23 Audit Findings Reports.

The committee are recommended to

- Note the contents of the report.

## **1. Summary**

The purpose of this report is to provide an update to the members of the Audit Panel on the 2022/23 audit of the accounts.

The report also provides members with the management action responses to the auditor recommendations made as part of the 2021/22 external audit.

Finally, the report includes the 2022/23 Audit Findings Reports (AFRs) for the Council and Pension Fund audits, produced by Grant Thornton.

## **2. Recommendations**

The Audit & Risk Committee are recommended to note the contents of the report.

## **3. Policy Context**

The report is consistent with the Council's policy framework, supporting the priorities set out in the Corporate Strategy 2022-26. It contributes towards all Council priorities through effective management of finance.

## **4. Background**

The draft 2022/23 Statement of Accounts were published on the Council's website at the beginning of July and the External Audit began shortly after.

The audit is scheduled to take place between July and November 2023, with the publication of the final audited accounts by 30 November 2023.

## **5. 2022/23 Audit of Accounts Update**

Grant Thornton have substantially completed the audit of the financial statements, with nearly all of the sampling work having been completed, subject to the resolution of some outstanding queries.

There have so far been six misstatements identified during the audit process that the Council has agreed to amend, these include 1 post year-end event, 2 related to Pension assets valuation, 1 asset valuation of social housing, 1 cut-off testing of income and 1 relating the employee leave accrual. These are detailed in Appendix D to in the draft 2022/23 Council Audit Findings Report.

There are numerous misclassification and disclosure amendments that the Council has agreed to make, these are also in Appendix D to in the draft 2022/23 Council Audit Findings Report.

There are 2 potential misstatements that the Council will not be amending. These are detailed at the end Appendix D to in the draft 2022/23 Council Audit Findings Report. The reason for not amending for these is that one is an extrapolation of a small error that was identified and one is a potential misstatement (not an actual error found).

Officers are still confident that the 30 November date for publication will be achieved.

## **6. 2021/22 Audit Findings Report Annual Report**

### **Recommendations**

The Audit Findings Report for London Borough of Lewisham and Lewisham Pension Fund for the year ended 31 March 2022, 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 2021/22 audit.

Progress on these recommendations is included within Appendix A to this report and

Appendix C to in the 2022/23 Council Audit Findings Report.

The Auditor's Annual Report (VFM) for the year ended 31 March 2022, includes an action plan. This consisted of a number of recommendations for the Council following their review of the Council's arrangements for securing economy, efficiency and effectiveness. The report also included a follow up of prior year recommendations.

Progress on these recommendations is included within Appendices B and C.

## **7. 2022/23 Audit Findings Reports**

Grant Thornton, the external auditors for London Borough of Lewisham Council and Pension Fund will present the 2022/23 Audit Findings reports for the Council and Pension Fund Audits.

The Council's report is included within Appendix D and the Pension fund report will be given as a verbal update at the meeting (the report will be available after the meeting).

## **8. Financial implications**

There are none arising direct from this report.

## **9. Legal implications**

There are none arising direct from this report.

## **10. Equalities implications**

There are none arising direct from this report.

## **11. Climate change and environmental implications**

There are none arising direct from this report.

## **12. Crime and disorder implications**

There are none arising direct from this report.

## **13. Health and wellbeing implications**

There are none arising direct from this report.

## **14. Background papers**

All relevant background papers are included as appendices or hyperlinks within.

## **15. Report author(s) and contact**

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## **16. Appendices**

Appendix A: Update on Management Responses to Audit Findings Report 2021/22 Action Plan Recommendations.

Appendix B: Update on Management Responses to Auditor's Annual Report (VfM) Recommendations 2021/22

Appendix C: Update on Management Responses to Auditor's Annual Report (VfM) Recommendations 2020/21

Appendix D: Audit Findings Report 2022/23 for London Borough of Lewisham.