



Council

Statement of Accounts 2022/23 and Annual Report 2022/23

Date: 22 November 2023

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Acting Executive Director for Corporate Resources

Outline and recommendations

The purpose of this report is to:

- Recommend delegation to the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee, to agree any changes to the agreed audit adjustments and the final Statement of Accounts for publication, alongside the Auditor's Annual Report.
- Approve the draft Statement of Accounts and Pension Fund Accounts 2022/23 and the agreed audit adjustments.
- Note the Audit Findings Report 2022/23 and addendum from Grant Thornton following the external audit of the Council's Statement of Accounts and Pension Fund Accounts.
- Note the Management Representation Letters.
- Note the Auditor's Annual Report (VFM) 2022/23 from Grant Thornton.

1. Summary

- 1.1 The purpose of this report is to present to members of Council the 2022/23 Audit Findings Report and addendum from Grant Thornton LLP.
- 1.2 The report also provides members with the management representation letters and 2022/23 Auditor's Annual (Value for Money) report.
- 1.3. Audit & Risk Committee have considered these reports at the meeting of 01 November 2023. This excluded the addendum which details the progress made since and was agreed through delegation.
- 1.4. As at date of dispatch, the external audit is substantially complete, and it is anticipated that the audit report opinion will be unmodified and so free from material misstatement.

2. Recommendations

- 2.1. Council is recommended to note the contents of the report and:
 - i. Approve delegation to the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee, to agree:
 - any changes to agreed audit adjustments included within the addendum
 - the final Statement of Accounts 2022/23 for publication
 - any changes to the Auditor's Annual Report (VFM) 2022/23
 - ii. Approve the agreed audit adjustments to the draft Statement of Accounts and Pension Fund Accounts 2022/23, included within the Audit Findings Reports for 2022/23 and addendum.
 - iii. Note the management representation letters
 - iv. Note the Auditor's Annual Report (VFM) 2022/23

3. Policy Context

- 3.1 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. 2022/23 Statement of Accounts and Pension Fund Accounts

- 4.1 The 2020/21 Audit Completion certificate was issued by Grant Thornton on 08 August 2023. The 2021/22 Statement of Accounts were approved by Grant Thornton on 11 August 2023. These were published on the Council's website on 11 August 2023. This concluded the audit of the 2021/22 accounts. The successful conclusion of the 2021/22 accounts puts the Council in the minority as most local authorities are still yet to conclude prior year audits.

- 4.2 The statutory deadline for publishing the audited accounts 2022/23 is 30 September 2023. Due to delays with the 2021/22 audit, the Council set a timescale on completing the 2022/23 audit by 30 November 2023 (with the audit taking place between July and November 2023). Officers are confident of achieving this.
- 4.2 The Audit Findings Reports for London Borough of Lewisham and Lewisham Pension Fund for the year ended 31 March 2023 and addendum lists the agreed audit adjustments to be made to the draft Accounts before publication of the final audited versions. This includes adjustments in relation to Assets under Construction, Pension Fund assets and the annual leave accrual. There are also amendments to be made on the narrative elements of the accounts.
- 4.3 The Audit Findings Reports for 2022/23 and addendum also include action plans. These consist of three recommendations for the Council as a result of issues identified during the course of the 2022/23 audit, two of which relate to related parties disclosures by members. These are accepted by management and so will be added to the action tracker for progress with their implementation to be reported on as part of the Audit Panel standing agenda item.
- 4.4 The draft Statement of Accounts and Pension Fund Accounts are included in Appendices A and B. These include the group accounts, which consolidate Lewisham Homes Ltd and Catford Regeneration Partnership Ltd (CRPL) and the Annual Governance Statement. The Audit Findings Reports for 2022/23 and addendum are included in Appendices C, D, E and F.
- 4.5 The last elements of the audit work are being finalised. This includes responses to queries around asset valuations, deeds for properties owned by the Council and responses to technical review points. Any additional audit adjustments will be agreed for incorporation by the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee.
- 4.6 The final Statement of Accounts 2022/23 are due to be amended to incorporate the agreed audit adjustments. The draft Statement of Accounts and the current list of agreed audit adjustments provides a true and fair aggregation of the expected final Statement of Accounts. These will be published on the Council's website following review by external audit and agreement by the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee.
- 4.7 The anticipated audit opinion is that the accounts give a true and fair view of the financial position of the group, Authority and Pension Fund during 2022/23 and have been properly prepared.

5. Management Representation Letters

- 5.1. Management Representation Letters for the Statement of Accounts and Pension Fund Accounts 2022/23 are included in Appendices G and H.
- 5.2. These set out assurances to confirm the Council's view that relevant accounting standards have been complied with and gives further assurances that Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Accounts.

6. Auditor's Annual Report 2022/23

- 6.1 The Annual Report for 2022/23 covers the Value for Money (VFM) work required as part of the overall audit which was conducted by the auditors alongside completion of the Council's Statement of Accounts, Pension Fund Accounts and Annual Governance Statement audit. This is included in Appendix I.
- 6.2. The Annual Report for 2022/23 also includes an action plan. This consists of several recommendations for the Council following their review of the Council's arrangements for securing economy, efficiency, and effectiveness. These are still being reviewed by management. Once feedback has been provided and the action plan is accepted, the recommendations will be added to the action tracker for progress with their implementation to be reported on as part of the Audit & Risk Committee standing agenda item.
- 6.3. Any additional adjustments will be agreed for incorporation by the Section 151 Officer, in consultation with the Chair of the Audit & Risk Committee.

7. Financial Implications

- 7.1 The proposed cost for the external audit of the Council's Statement of Accounts 2022/23 is £266k and £49k for the Pension Fund. The Council also pays £47k for non-audit fees relating to grant claims and certificates.

8. Legal Implications

- 8.1 Sections 26 and 27 of the Local Audit and Accountability Act 2014 gives electors the right to object, inspect, question, and make copies of the unaudited accounts and related documents for 30 working days and a notice is placed on the Council's website to publicise this. The public inspection period for 2022/23 took place between 4th July and 14th August 2023 for the Council's accounts and Pension Fund accounts. One enquiry was made, and this was responded to.
- 8.2 The Accounts and Audit (amendment) Regulations 2022 came into force on 22nd July 2022 and revised the statutory deadline for publishing the audited financial statements to 30 September for 2022/23 accounts and the following 6 years.
- 8.3 The Accounts and Audit (England) Regulations 2015 (as amended for the Accounts and Audit (Amendment) Regulations 2022) require authorities to:
 - i. consider, either by way of a committee or by the members meeting as a whole, the statement of accounts
 - ii. approve the statement of accounts by a resolution of that committee or meeting

- iii. ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given
 - iv. publish the statement of accounts together with any auditor opinion, the annual governance statement, and the narrative statement on the authority's website
- 8.4 Paragraph 4.6 outlines the remaining elements outstanding before publication of the final audited Statement of Accounts. By agreeing to the recommendations of this report, members will put in place appropriate authority and arrangements to ensure these legal implications are complied with.

9. Equalities Implication

- 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

- 13.1 Katherine Nidd, Interim Director of Finance, 020 8314 6651, Katherine.Nidd@lewisham.gov.uk
- 13.2 Terence Madgett, Acting Chief Accountant, 020 8314 7650, Terence.Madgett@lewisham.gov.uk
- 13.3 Paul J Jacklin, Senior Manager, Public Services, Grant Thornton UK LLP, 020 7728 3263, Paul.J.Jacklin@uk.gt.com
- 13.4 Ajay K Jha, Public Sector Audit Manager, Grant Thornton UK LLP, 020 7865 2276, Ajay.K.Jha@uk.gt.com

14. Appendices

- 14.1 Appendix A – Draft LB Lewisham Statement of Accounts 2022-23
- 14.2. Appendix B – Draft LB Lewisham Pension Fund Accounts 2022-23
- 14.3. Appendix C – Audit Findings Report 2022/23

- 14.4. Appendix D – Audit Findings Report Addendum 2022/23
- 14.5. Appendix E – Audit Findings Report for the Pension Fund 2022/23
- 14.6. Appendix F – Audit Findings Report Addendum for the Pension Fund 2022/23
- 14.7. Appendix G – LB Lewisham Group Management Representation Letter 2022-23
- 14.8. Appendix H – LB Lewisham Pension Fund Management Representation Letter 2022-23
- 14.9. Appendix I - Auditor's Annual Report on London Borough of Lewisham Council 2022/23