



## Audit & Risk Committee

### External Audit Update

**Date:** 11 September 2024

**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:

- Update the Committee on the progress of the 2023/24 External Audit of the Statement of Accounts
- Update the Committee on the progress in closing out open audit recommendations from previous years' audits.

The committee are recommended to:

- Note the contents of the report.

## **1. Summary**

- 1.1 The purpose of this report is update the Committee on the progress of the 2023/24 External Audit of the Statement of Accounts and to update the Committee on the progress in closing out open audit recommendations from previous years' audits.

## **2. Recommendations**

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

## **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. Background**

- 4.1 The draft 2023/24 Statement of Accounts was published on the Council's website on Wednesday 19<sup>th</sup> June 2024. This was delayed from the statutory deadline of 31<sup>st</sup> May 2024 due to challenges in finalising the HRA figures due to the complexities of the transfer of Lewisham Homes services to the Council and the implementation of a new Housing management system.
- 4.2 For audit sample testing a large proportion of the samples were taken by KPMG during July and August 2024.
- 4.3 The final audit fieldwork is scheduled to take place between September and October 2024, with the publication of the final audited accounts by 30 November 2024. Further details of the timetable can be found in the external audit plan to be presented by KPMG.

## **5. 2023/24 Audit of Accounts Update**

- 5.1 KPMG the external auditors for London Borough of Lewisham Council and Pension Fund will present the External audit plan & strategy for the year ending 31 March 2024 later on the agenda.
- 5.2 The planning meeting between management and KPMG took place in October 2023 where key issues were discussed.
- 5.3 Planning and interim fieldwork has taken place with management completing numerous questionnaires on areas such as Fraud and Risk, IT controls, Internal audit, asset valuations, VAT, etc. Also walkthroughs have been carried out of various processes such as journal creating, approval and posting, income recognition, grants recognition and accounting, cash accounting, etc.
- 5.4 Sample testing is well underway, with most samples having been taken and a large amount responded to. Officers continue to obtain the evidence required and share this with KPMG.

## **6. Update on 2022/23 and 2021/22 Audit Findings Report Recommendations**

- 6.1 The Audit Findings Reports for London Borough of Lewisham and Lewisham Pension Fund for the years ended 31 March 2023 and 31 March 2022, included an action plan. These consisted of a number of recommendations for the Council as a result of issues identified during the course of the 2022/23 and 2021/22 audits. Progress on these recommendations is included within Appendix A to this report.

- 6.2 The Auditor's Annual Report (VFM) for the year ended 31 March 2023, 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 Appendix B to this report.

## **7. Financial implications**

- 7.1 There are none arising direct from this report.

## **8. Legal implications**

- 8.1 There are none arising direct from this report.

## **9. Equalities implications**

- 9.1 There are none arising direct from this report.

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

- 10.1 There are none arising direct from this report.

## **11. Crime and disorder implications**

- 11.1 There are none arising direct from this report.

## **12. Health and wellbeing implications**

- 12.1 There are none arising direct from this report.

## **13. Background papers**

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

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

- 14.1 Katharine Nidd, Acting Director of Finance, 020 8314 6651,  
Katharine.Nidd@lewisham.gov.uk

- 14.2 Terence Madgett, Acting Chief Accountant, 020 8314 7650,  
Terence.Madgett@lewisham.gov.uk

## **15. Appendices**

- 15.1 Appendix A: Update on Management Responses to Audit Findings Report 2022/23 and 2021/22 Action Plan Recommendations.

- 15.2 Appendix B: Update on Management Responses to Auditor's Annual Report (VfM) Recommendations 2022/23