

COUNCIL			
Report Title	2018/19 Final Accounts and External Auditors Report		
Key Decision	No	Item No.	
Ward	All		
Contributors	Executive Director for Corporate Services		
Class	Part 1	Date:	2 October 2019

1 PURPOSE

- 1.1 The purpose of this report is to present to Council the External Auditor's (Grant Thornton) reports (Audit Findings and Value for Money) on the audit of the Council's 2018/19 Main accounts (including Group accounts) and Pension Fund accounts and to obtain members' approval of the Statement of Accounts for 2018/19 (including the Annual Governance Statement).
- 1.2 The Audit Findings reports set out:
- "... the key issues affecting the results of London Borough of Lewisham ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 ... (and) whether, in our opinion, the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they have been properly prepared ... (and) whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ..."*
- 1.3 The reports set out any issues arising from the audits that, in the opinion of the external auditor, are of sufficient significance to warrant informing and discussing with Members.

2. EXECUTIVE SUMMARY

- 2.1 As at the date of despatch of this report, the audits have concluded and the external auditor, Grant Thornton, anticipates that the financial statement opinions and value for money conclusion will be unqualified and issued on completion of the approvals by Council set out in this report.
- 2.2 This report sets out the recommendations necessary to ensure that the statutory requirements are met. The external auditor requests that Members:
- Note the adjustments to the financial statements in the reports
 - Approve the letters of representation on behalf of the Council
 - Agree the recommendations in the proposed action plans
- 2.3 Under the council's constitution these matters will be for Council to determine.

3. RECOMMENDATIONS

3.1 The Council are recommended to:

- i. Note the adjustments to the financial statements in the Audit Findings Reports
- ii. Agree the Action Plans set out in the reports
- iii. Approve the Letters of Representation on behalf of the Council
- iv. Approve the Annual Governance Statement (AGS)
- v. Approve the 2018/19 audited Statement of Accounts (including Main accounts, Group accounts and Pension Fund accounts)

4. POLICY CONTEXT

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

5. DETAIL

- 5.1.1 As at the date of despatch of this report, the audits were substantially complete and the external auditors, Grant Thornton, anticipate that subject to completing any outstanding work they will be giving an unqualified opinion on the financial statements and issue the value for money conclusion.
- 5.2 Under the terms of the Accounts & Audit Regulations 2015 ("The Regulations") the Council must, by no later than 31 July 2019:
- a. Consider either by way of a committee or by the members meeting as a whole the statement of accounts;
 - b. Following that consideration, approve the statement of accounts by a resolution of that committee or meeting;
 - c. Ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval was given;
 - d. Publish (which includes publication on the body's website), the statement of accounts.
- 5.3 The 2018/19 audit was not concluded by the 31 July 2019, a situation faced by 44% of local authorities. In Lewisham's case, this was for a combination of external and internal factors which required additional time to enable the necessary work to be completed. These were considered by the Audit Panel at their July meeting and the Audit Findings actions include steps to reduce the likelihood of similar delays to future audits.

- 5.4 The Audit Panel have already considered the reports and officers' responses to them in detail and a short summary will be provided at the meeting. By considering that summary, Members will have discharged their duty under The Regulations.
- 5.5 The draft accounts have been amended for the agreed findings of the audit and the Letters of Representation by the Acting Chief Finance Officer will be signed accordingly.
- 5.6 Members are therefore, by recommendation 3.1(v) to this report, recommended to approve the accounts.
- 5.7 Officers will ensure that the correct protocols for the signature and publication of the accounts are followed, to ensure compliance with the requirements of The Regulations.

6 ANNUAL GOVERNANCE STATEMENT

- 6.1 This document was considered at Audit Panel on 19 September 2019 and is now submitted for approval.

7 FINANCIAL IMPLICATIONS

- 7.1 There are no direct financial implications in agreeing the recommendations in this report.
- 7.2 The total cost of external audit services in respect of 2018/19 is yet to be confirmed, but is expected to be in excess of the initial proposed fee of £190,000 and will reflect the additional time necessary to conclude the audit process. This includes the cost of the audit of the main accounts and the certification of grant claims and returns. By way of comparison, the final fee paid for the 2017/18 accounts was £234,000.
- 7.3 The cost of the Pension Fund audit was £16,000. The comparative final fee for the 2017/18 audit was £21,000.

8 LEGAL IMPLICATIONS

- 8.1 The key legal requirements are set out in paragraph 5.2 of this report. By agreeing the recommendations of this report Members will have put in place appropriate authority and arrangements to ensure that these are complied with.

9 EQUALITIES IMPLICATIONS

- 9.1 The Equality Act 2010 introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. There are no equalities implications in this report.

10 CONSULTATION

- 10.1 The draft accounts were published, and local electors have been able to exercise their rights to ask questions of the auditor in respect of them, and to inspect accounting records; also to make any objections if they wish.

11 ENVIRONMENTAL IMPLICATIONS

- 11.1 There are no environmental implications arising directly from this report.

12 CRIME AND DISORDER IMPLICATIONS

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

13 BACKGROUND PAPERS

None

APPENDICES

1. Audited 2018/19 Statement of Accounts (including Main Accounts, Group Accounts & Pension Fund Accounts)
2. 2018/19 Annual Governance Statement
3. Grant Thornton – The Audit Findings for the London Borough of Lewisham (including the Value for Money findings)
4. Grant Thornton – The Audit Findings for the Lewisham Pension Fund
5. Letter of Representation – Main Accounts (incl. Group Accounts)
6. Letter of Representation – Pension Fund Accounts

For further information on this report please contact:

Selwyn Thompson, Director of Financial Services, 020 8314 6932