



Council

Report title: 2019/20 Final Accounts and External Auditor's Reports

Date: 25 November 2020

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director for Corporate Resources

Outline and recommendations

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 2019/20 Main accounts (including Group accounts) and Pension Fund accounts and to obtain Members' approval of the Statement of Accounts for 2019/20 (including the Annual Governance Statement).

This report sets out the recommendations necessary to ensure that the statutory requirements are met. 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 2019/20 audited Statement of Accounts (including Main accounts, Group accounts and Pension Fund accounts)
- vi. To give delegated authority to the Executive Director for Corporate Resources approval to make final adjustments to the Statement of Accounts if required by Grant Thornton, prior to the 30 November 2020

Under the Council's constitution these matters are for Council to determine.

1 Summary

- 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 2019/20 Main accounts (including Group accounts) and Pension Fund accounts and to obtain Members' approval of the Statement of Accounts for 2019/20 (including the Annual Governance Statement).
- 1.2 As at the date of despatch of this report, the audits have been completed 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 Recommendation

- 2.1 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 2019/20 audited Statement of Accounts (including Main accounts, Group accounts and Pension Fund accounts)
 - vi. To give delegated authority to the Executive Director for Corporate Resources approval to make final adjustments to the Statement of Accounts if required by Grant Thornton, prior to the 30 November 2020
- 2.2 Under the Council's constitution these matters are for Council to determine.

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 Background

- 4.1 The Audit Findings reports set out:

"... the key issues arising from the statutory audits of the London Borough of Lewisham Council ('the Council or you') and the preparation of the group and Council financial statements for the year ended 31 March 2020 ... (and) whether, in our opinion, the group and Council financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and have been properly prepared ... in accordance with the Local Audit and Accountability Act 2014 ... (and) if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ..."

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- 4.2 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.

5 Detail

- 5.1 The pre-audit accounts were completed on 29 June 2020, and since then they have been subject to extensive external audit by Grant Thornton. The audits are now complete and Grant Thornton report that they anticipate providing unqualified opinions on the financial statements and Value for Money conclusion.
- 5.2 Under the terms of the Accounts & Audit Regulations 2015 (“The Regulations”) the Council would normally be expected to approve the statement of accounts by no later than 31 July. However, under The Regulations as amended for the Accounts and Audit (Coronavirus) Amendment Regulations 2020, the Council must, by no later than 30 November 2020:
- 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 Audit Panel have already considered the reports at their meeting of 4 November 2020 and officers’ responses to them in detail.
- 5.4 The draft accounts have been amended for the agreed findings of the audit, and the Letters of Representation by the Director of Corporate Resources will be signed accordingly.
- 5.5 Members are therefore, by recommendation 2.1(v) to this report, recommended to approve the accounts.
- 5.6 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 A draft version of this document was considered at Audit Panel on 4 November 2020. It has since been updated and is now submitted for approval.

7 Financial implications

- 7.1 There are no direct financial implications resulting from this report.
- 7.2 The cost of the external audit of the Main accounts for 2019/20 was £183,000, plus £42,000 for the certification of grant claims. The Pension Fund external audit cost was £25,000. By way of comparison, the cost of the Main audit for 2018/19 was £149,000, plus £40,000 for the certification of grant claims and £16,000 for the Pension Fund. The increase in the audit fee compared to last year is mainly due to the Auditor bringing in additional capacity to independently test Property, Plant and Equipment and Pension Fund valuations, in line with ISA 260 (International Standard on Auditing).

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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 Consultation

- 9.1 Sections 25 to 27 of the Local Audit and Accountability Act 2014 give electors the right to inspect and make copies of the Accounts; also to question the auditor and make an objection. The public inspection period was advertised on the Council's website and ended on 28 September 2020. Notice of the conclusion of the audit will also be advertised on the Council's website when confirmed.
- 9.2 No new objections to the Accounts were received in 2019/20. The objections outstanding in connection with LOBO loans and PFI from financial year 2016/17 have now been resolved and final responses sent to the objectors. Grant Thornton can therefore now proceed to certify the closure of the 2016/17 audit and subsequent years.

10 Equalities implications

- 10.1 There are no equalities implications arising from this report.

11 Climate change and environmental implications

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

12 Crime and disorder implications

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

13 Health and wellbeing implications

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

14 Background papers

None

15 Appendices

1. Post-Audit 2019/20 Statement of Accounts (including Main Accounts, Group Accounts & Pension Fund Accounts)
2. 2019/20 Annual Governance Statement
3. Grant Thornton – Audit Findings for the London Borough of Lewisham (including Value for Money findings) – Year Ended 31 March 2020
4. Grant Thornton – Audit Findings for the London Borough of Lewisham Pension Fund – Year Ended 31 March 2020
5. 2019/20 Letter of Representation – Main Accounts (incl. Group Accounts)
6. 2019/20 Letter of Representation – Pension Fund Accounts

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