



Audit Panel

Report title: External Audit Update

Date: 15 March 2022

Key decision: No.

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director of Corporate Resources

Outline and recommendations

The purpose of this report is to:

- Provide an update to the members of the Audit Panel on the preparations for the 2021/22 closing of accounts and statutory external audit processes.
- Provide an update on the recommendations to the Action Plan 2020/21
 - Consider the responses to the audit risk assessment for 2021/22

1. Summary

- 1.1. The purpose of this report is to provide an update to the members of the Audit Panel on the preparations for the 2021/22 closing of accounts and statutory external audit processes.
- 1.2. The report also provides members with the management action responses to the auditor recommendations made as part of the 2020/21 external audit.
- 1.3. Finally, the report considers the key risks for the 2021/22 accounts and asks the Audit Panel to consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

2. Recommendations

- 2.1. The Audit Panel is recommended to note the contents of the report.

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 2020/21 audit of the Statement of Accounts resulted in an unqualified opinion for both the Council and Pension Fund on 16 December 2021. The Value for Money element of this is ongoing and due to be finalised within the next few weeks.
- 4.2. The external auditors Grant Thornton have commenced the interim audit in late February 2022. The areas which are being covered as part of this interim process include: updated review of the Council's control environment; updating their understanding of financial systems; review of Internal Audit reports on core financial systems; early work on emerging accounting issues; and early substantive testing.

5. 2021/22 Statement of Accounts

- 5.1. The Department for Levelling Up, Housing and Communities published on 16 December 2021, measures to support the timely completion of local government audits. This included extending the deadline for preparing draft accounts to 31 July 2022 and publishing audited accounts to 30 November 2022 for 2021/22 accounts.
- 5.2. Lewisham Council will work to preparing draft accounts by 30 June 2022 and publishing audited accounts by 30 November 2022. These will be shared with the Audit Panel at the relevant meetings throughout the year for approval as required.
- 5.3. The Council's 2021/22 closing of accounts timetable and guidance notes have been updated and communicated to relevant officers. Training events are being held to share the key requirements and offer training, support and guidance.
- 5.4. Grant Thornton will publish the 2021/22 Audit Plan at the July Audit Panel. The interim audit has commenced and progress is being made on initial system and process walkthroughs and the sampling of income and expenditure to Period 10.

6. 2020/21 Audit Findings Report

- 6.1. The Audit Findings Report for London Borough of Lewisham and Lewisham Pension Fund for the year ended 31 March 2021, included an action plan. This consisted of a

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

number of recommendations for the Council as a result of issues identified during the course of the 2021/21 audit.

6.2. Progress on these recommendations is included within Appendix A.

7. 2021/22 Audit Risk Assessment

7.1. Grant Thornton produce a report; Informing the audit risk assessment for London Borough of Lewisham and Pension Fund 2021/22, to contribute towards the effective two-way communication between the external auditors and the Audit Panel. As part of their risk assessment procedures, they are required to obtain an understanding of management processes and Council oversight in a number of key areas.

7.2. The report is included within Appendix B.

7.3. The Audit Panel should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

8. Financial implications

8.1. There are no financial implications directly arising from this report.

9. Legal implications

9.1. There are no legal implications directly arising from this report.

10. Equalities implications

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

11. Climate change and environmental implications

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

12. Crime and disorder implications

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

13. Health and wellbeing implications

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

14. Report authors and contact

14.1. David Austin, Director of Finance, 020 8314 9114, david.austin@lewisham.gov.uk

14.2. Sofia Mahmood, Chief Accountant, 020 8314 3684, sofia.mahmood@lewisham.gov.uk

15. Appendices

15.1. Appendix A – Action Plan Recommendations - Audit Findings Report for London Borough of Lewisham and Lewisham Pension Fund for the year ended 31 March 2021

15.2. Appendix B - Informing the audit risk assessment for London Borough of Lewisham and Pension Fund 2021/22

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>