

CORPORATE COMMITTEE 25 NOVEMBER 2020

Report title: 2019/20 Audit Report

Wards: All

Portfolio: Cabinet Member for Finance and Performance: Councillor Andrew Wilson

Report Authorised by: Strategic Director for Finance and Investment, Fiona McDermott

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REPORT SUMMARY

The external auditor, Mazars, have issued an unqualified audit report for both the Council and pension fund. An unqualified Value for Money (VFM) conclusion has also been issued for the Council. Due to the impact of Covid-19, the deadline for signing off the audited accounts has been extended this year to 30 November 2020. The audit report on the accounts and the pension fund accompany this report, together with an audited statement of accounts.

Finance summary

The accounts set out the Council's income and expenditure for the year ended 31 March 2020, and its financial position as at that date. It is a key financial document, and its implications for the Council have been considered in financial planning purposes, but for this Committee there are no direct financial implications in noting or approving the recommendations in this report.

RECOMMENDATIONS

1. To note the external auditor's report for the accounts.
2. To note the external auditor's report for the pension fund.
3. To approve the audited statement of accounts for signing by the Chair of Corporate Committee, following sign off of the accounts by Mazars.

1. CONTEXT

- 1.1 The Covid-19 pandemic and the resulting lockdown impacted the run up to closing the 2019/20 final accounts in March 2020. There were a number of related challenges to contend with during accounts closedown including the timeliness of receiving data from external sources such as valuers, actuary firms and central Government. Recognising these pressures, the Government extended the statutory deadlines for publishing the accounts from 31 May to 31 August 2020 for the draft accounts and from 31 July to 30 November 2020 for the final approved audited accounts.
- 1.2 Although the deadline for the draft accounts had been extended to 31 August 2020, the Council worked to complete the draft accounts without much slippage to the original timescales and published these on the Council's website on 12 June 2020.
(<https://www.lambeth.gov.uk/sites/default/files/Statement-of-accounts-2019-20.pdf>)
- 1.3 The external audit commenced in the second week of June and has run from June – October. Work is now complete and the external auditors have issued their ISA 260 reports, which are enclosed as appendices. The report shows an unqualified opinion on the Council and pension fund accounts and an unqualified Value for Money opinion.

2. PROPOSAL AND REASONS

External Audit

- 2.1 The external audit has faced Covid-19 related challenges including reviewing data remotely rather than daily interaction in the office, revisiting interim audit points which were impacted when the lockdown was put in place and challenges relating to where data is required from external sources.
- 2.2 Most of the work relating to the external audit was completed by mid-September. However, there have been two particular items outside the Council's control that resulted in a further delay to the audit report being finalised:
 - London Pension Fund Authority (LPFA) accounts have not yet been signed-off by their auditors, Grant Thornton. The deadline for signing-off their accounts, like the Council's, is the end of November. The LPFA pension asset in the Council's accounts is £69.9m (compared to a total council pension fund assets of £1.45bn) and the LPFA liability is £63.8m (compared to a total Council pension fund liability of £2.0bn). Mazars are awaiting the LPFA accounts to be signed off prior to signing off the Lambeth council accounting statements; and,
 - The Council is awaiting a response from the Ministry of Housing, Communities and Local Government (MHCLG) regarding updating the permission to capitalise redress scheme related expenditure to match the extension of the redress scheme to January 2022.
- 2.3 Any update regarding the two above items between the writing of this report and the date of signing the accounts will be adjusted for in the statements to reflect an updated position in the form of either updated disclosure wording relating to the LPFA or a transfer to the capital reserve for the redress scheme.

3. FINANCE

- 3.1 There are no direct financial implications in agreeing the recommendations in this report.

4. LEGAL AND DEMOCRACY

- 4.1 Regulation 9 of the Accounts and Audit (England) Regulations 2015 requires the Director of Finance and Property, as the responsible financial officer for the authority, by 31 May, to sign and date the Statement of Accounts for the previous financial year and to confirm that satisfaction that it presents a true and fair view of the authority's financial position and of its income and expenditure for that year. A Coronavirus amendment for 2020 changed this deadline for 2020 to 31 August.
- 4.2 The Regulations require the Statement of Accounts to be approved by a resolution of the Council or a committee of the Council by 31 July in each year. A Coronavirus amendment for 2020 changed this deadline for 2020 to 30 November.
- 4.3 As approval of the Statement of Accounts is not an executive function, the Council has arranged for this function to be discharged by the Corporate Committee. At its meeting, prior to 30 November, the Committee must:
 - a) Consider the Statement of Accounts;
 - b) Following the consideration, approve the Statement of Accounts by formal resolution; and,
 - c) Following approval, ensure that the Statement of Accounts is signed and dated by the Chair of the Committee.
- 4.4 The Council must then publish (including on its website) the Statement of Accounts together with any certificate, opinion, or report issued, given or made by the auditor under section 9 of the Audit Commission Act 1998.
- 4.5 There were no additional comments from Democratic Services.

5. CONSULTATION AND CO-PRODUCTION

- 5.1 Although the Statement of Accounts is a statutory document whose format is dictated by statute and regulation, it is produced as a result of the input of officers and Cabinet Members from across the Council.

6. RISK MANAGEMENT

- 6.1 None for the purposes of this report.

7. EQUALITIES IMPACT ASSESSMENT

- 7.1 None for the purposes of this report.

8. COMMUNITY SAFETY

- 8.1 Not considered for the purposes of this report.

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 Not applicable.

Health

9.2 Not applicable.

Corporate Parenting

9.3 Not applicable.

Staffing and accommodation

9.4 Not applicable.

Responsible Procurement

9.5 Not applicable.

10. TIMETABLE FOR IMPLEMENTATION

10.1 None for the purposes of this report.

AUDIT TRAIL

Consultation				
Name/Position	Lambeth directorate/division or partner	Date Sent	Date Received	Comments in para:
Councillor Andrew Wilson	Cabinet Member for Finance and Performance	10.11.20	17.11.20	
Fiona McDermott, Strategic Director	Finance and Investment	10.11.20	11.11.20	
Alison McKane, Director	Legal and Governance	10.11.20	11.11.20	
David Rose, Democratic Services	Legal and Governance	10.11.20	11.11.20	

REPORT HISTORY

Original discussion with Cabinet Member	N/A
Report deadline	17/11/20
Date final report sent	17.11.20
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	No
Date first appeared on forward plan	N/A
Key decision reasons	N/A
Background information	CIPFA Code of Practice on Local Authority Accounting Accounts and Audit (England) Regulations 2015 Audit Commission Act 1998
Appendices	Appendix 1: Lambeth Audit Completion Report – <i>to follow</i> Appendix 2: Pension Fund Audit Completion Report Appendix 3: Audited Statement of Accounts 2019/20