

## **CORPORATE COMMITTEE 2 DECEMBER 2021**

**Report title:** Mazars External Audit Update

**Wards:** All

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

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

**Contact for enquiries:** Clare Williams, Interim Assistant Director of Corporate Finance  
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### **REPORT SUMMARY**

At the time of writing this report Mazars are finalising the work on the Statement of Accounts and completing testing in some areas of the audit which may result in a further minor amendment. The Audit Completion Report proposes an unqualified audit opinion on the Statement of Accounts. The auditors are also required to report on how the Council have secured economy, efficiency, and effectiveness in the use of resources, and the conclusion of this will be presented to the Committee at a later meeting. The Whole of Government Accounts (WGA) Return audit is yet to be completed for 20/21 and we expect to receive an update on the deadline for the submission during December.

Statutory Deadlines for completing the external audit for the year have been set by Government as the end of September 2021 for this year. The external 11 timeline was agreed with Mazars earlier in the year as December 2021 and, in accordance with this agreement, the audit was not completed by the September deadline. This was due to the delay in completing the audit of the 2019/20 statement of accounts and the wider issues including the resourcing of Local Authority audits.

### **FINANCE SUMMARY**

The accounts set out the Council's income and expenditure for the year ended 31 March 2021, and its financial position as at that date. It is a key financial document and the income and expenditure included within the accounts has been reported during the year as part of budget monitoring and its implications for the Council have been considered in financial planning purposes.

### **RECOMMENDATIONS**

1. To note the Appointed Auditor's Audit Completion Reports for the Council (Appendix 1) and Pension Fund (Appendix 2).
2. To approve the Pension Fund Statement of Accounts and Annual Report (subject to any minor amendments required), attached as Appendix 3
3. To approve the Statement of Accounts (subject to any minor amendments required), attached as Appendix 4

## **1. CONTEXT**

- 1.1 The audit of the financial accounts for 2020/21 has concluded and the Statement of Accounts will be published on the council's website. The Whole of Government Accounts (WGA) Return for 2020/21 is yet to be completed, and the deadline for completing the return is expected to be announced in December 2021. The audit completion report is enclosed as an appendix to this report.
- 1.2 The Government announced the statutory accounts preparation deadline as 31 July for the financial years 2020 and 2021, an extension on the 31 May deadline, due to the Coronavirus pandemic. The Government have agreed these dates for two financial years after which time they will revert to the 31 May for the preparation of the accounts. The draft accounts were published on the Councils website by the deadline.
- 1.3 The Government announced a statutory audited Statement of Accounts deadline of 30 September 2021. Mazars stated they would be unable to meet this deadline and so timescales were agreed with Mazars for completion of the audit and presentation of their final report in time for the Corporate Committee in December 2021.

## **2. PROPOSAL AND REASONS**

- 2.1 The 2020/21 Statement of Accounts are presented to the Committee for approval following external audit by Mazars. During the audit several changes relating to disclosures and minor amendments were made.
- 2.2 The Auditor produces an Audit Completion Report, which sets out the work undertaken on significant and enhanced risks as identified in the audit strategy memorandum presented to the Committee in March, as well as any other matters arising from the audit for those charged with governance. Members are therefore required to consider this report, set out at Appendices 1 and 2 and satisfy themselves that appropriate plans are in place to address those matters.
- 2.3 At the time of writing this report Mazars are finalising the work on the Statement of Accounts and completing testing in some areas of the audit which may result in a further minor amendment. The Audit Completion Report proposes an unqualified audit opinion on the Statement of Accounts. The auditors are also required to report on how the Council have secured economy, efficiency, and effectiveness in the use of resources, and the conclusion of this will be presented to the Committee at a later meeting.
- 2.4 Under the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 the Council must allow the Local Government electors for the area to inspect its accounts for the year together with any associated information.
- 2.5 The Accounts and Audit Regulations state that the Public Inspection period must be a continuous 30 working day period, and this commenced at Lambeth on 30 July 2021. The period must also be advertised on the Council's website with certain specific information to be included in the advert.
- 2.6 Under the Act the electors can object directly to the external auditor. This can only be made in areas where the auditor could make a public interest report or where the auditor would declare something unlawful. The Public Inspection advert should outline the date for objections to be made, the contact details of the external auditor and the legislation specifies timescales for appeals against the external auditor's responses. The Council published its advert on 30 July 2021.

- 2.7 The Council received 11 requests for information which are set out in Appendix 5, and all were responded to.
- 2.8 The Council did not receive any objections during the public inspection period.

### **3. FINANCIAL IMPLICATIONS**

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

### **4. LEGAL AND DEMOCRACY**

- 4.1 Regulation 9 of the Accounts and Audit (England) Regulations 2015 ('the Regulations') 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 they are satisfied that it presents a true and fair view of the authority's financial position and of its income and expenditure for that year. An amendment for 2020/21 has changed this deadline to 1 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. An amendment for 2020/21 changed this deadline to 30 September.
- 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 September, the Committee must:
- a) Consider the Statement of Accounts.
  - b) Following the consideration, approve the Statement of Accounts by formal resolution.
  - 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) in accordance with Regulation 10 of the Regulations, the Statement of Accounts together with any certificate, opinion, or report issued, given, or made by the auditor under section 20(2) of the Local Audit and Accountability Act 2014.
- 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 because of the input of many officers 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 None 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.

<b>Audit Trail</b>				
<b>Name and Position/Title</b>	<b>Lambeth Directorate</b>	<b>Date Sent</b>	<b>Date Received</b>	<b>Comments in paragraph:</b>
Councillor Andrew Wilson	Cabinet Member for Finance and Performance	18.11.21	23.11.21	
Christina Thompson Section 151 Officer	Director Finance and Property	18.11.21	24.11.21	
Fiona McDermott, Strategic Director	Strategic Director Finance and Investment	18.11.21	22.11.21	
Andrew Pavlou, Legal Services	Legal and Governance	18.11.21	19.11.21	
Chloe Morris, Democratic Services	Legal and Governance	03.11.21	04.11.21	

<b>Report History</b>	
<b>Original discussion with Cabinet Member</b>	N/A
<b>Report deadline</b>	19.11.21
<b>Date final report sent</b>	24.11.21
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	No
<b>Key decision report</b>	No
<b>Date first appeared on forward plan</b>	N/A
<b>Key decision reasons</b>	N/A
<b>Background information</b>	The Statement of Accounts is drawn up by reference to the Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy
<b>Appendices</b>	Appendix 1 – Audit Completion Report Lambeth Statement of Accounts Appendix 2 – Audit Completion Reports Lambeth Pension Fund Accounts Appendix 3– Lambeth Pension Fund Statement of Accounts and annual report. Appendix 4 – Lambeth Statement of Accounts Appendix 5 – Inspection of Accounts Requests