

CORPORATE COMMITTEE 31 MARCH 2022

Report title: Statement of Accounts and Pension Fund Audit Plan 2021/22 and preparatory Activity.

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: Siân Hedger, Assistant Director of Corporate Finance, 07708 870210, shedger@lambeth.gov.uk

REPORT SUMMARY

This report sets out the detail of the audit plan for the Council's Statement of Accounts and audit of the Pension Fund for the year ending 31 March 2022 as proposed by the Council's external auditors; Mazars LLP. Details of which are set out in Appendix 1 and 2.

FINANCE SUMMARY

There are no direct financial implications arising from this report.

RECOMMENDATIONS

1. To note the Audit Plan from Mazars for the Councils 2021/22 Financial Accounts as set out in Appendix 1.
2. To note the Audit Plan from Mazars for the Pension Fund 2021/22 as set out in Appendix 2.
3. To note the preparatory activity undertaken by officers and Mazars, as set out in the main report.

1. CONTEXT

- 1.1 The purpose of the audit planning report is to inform members of the draft agreed Audit Plan.
- 1.2 This is the third year that Mazars will undertake the role of the Council's external Auditors.
- 1.3 Local Authorities (LA's) are required to present draft Accounts by end May, to publish and have final completed Accounts by end July with final sign off due end November. It has been challenging for LA's and Auditors to meet these time scales, but we are hopeful that Mazars will be able to sign off the Accounts within 2022.
- 1.4 The 2020/21 accounts were signed off early January 2022.
- 1.5 The Audit is conducted in accordance with the Code of practice on Local Authority Accounting and International Standard on Auditing.
- 1.6 The terms of engagement and responsibilities of Mazars the Council's external Auditors are shown in Appendix 1.

2. PROPOSAL AND REASONS

- 2.1 Mazars have presented their Audit Strategy Memorandum for London Borough of Lambeth for the year ended 31 March 2022. This is attached at Appendix 1.
- 2.2 This document summarises their audit approach, highlights significant audit risks and areas of key judgements and provide us with the details of the audit team.
- 2.3 It is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 8 of this document also summarises Mazars considerations and conclusions on their independence as auditors.
- 2.4 Both the Council and Mazars consider two-way communication key to a successful audit and important to be able to meet the challenging timetable set.
- 2.5 The significant audit risks for the Council continue to be:
 - a. ongoing risk of management override of controls;
 - b. valuation of property plant and equipment, and "infrastructure";
 - c. pension fund liability;
 - d. redress scheme set up by the Council for historic child abuse; and,
 - e. HfL governance and accounts timeline.
- 2.6 Council officers and Mazars has engaged in several meetings following the 2020/21 Audit to learn lessons and identified areas that can be improved by both parties which will help to deliver the 2021/22 Audit completion.
- 2.7 Council officer have identified and addressed issues as shown above as high risk proactively in order for the 2021/22 audit process to progress swiftly and smoothly, the Finance department have put in place resource to deliver to timetable.
- 2.8 Workshops have been delivered across the Finance department in January 2022 to prepare accountants, to define roles and responsibilities, agree detailed timetable and provide training to

support provision of good evidence. Both parties recognise that improvements in collaboration, communication and monitoring data requests will be necessary to deliver as per timetable.

2.9 Mazars started their interim audit in February 2022, there was no interim audit in 2020/21, so this is already an improvement.

2.10 Key dates for closedown have been communicated to all stakeholders as follows:

Action	Date
Last 2021/22 Payment Run	25 March 2022
End of Financial Year	31 March 2022
Last day for 2021/22 Journals	20 April 2022
First Draft of Accounts and QA Process begins	25 May 2022
Statutory Deadline for Publication of Accounts	31 July 2022
Statutory Deadline for Approval of Accounts	30 November 2022(Mazars are hopeful end Dec 22)

3. FINANCE

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

4. LEGAL AND DEMOCRACY

4.1 Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:

- a. facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- b. ensures that the financial and operational management of the authority is effective; and,
- c. includes effective arrangements for the management of risk.

4.2 Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

4.3 There were no further comments from Democratic Services.

5. CONSULTATION AND CO-PRODUCTION

5.1 The statement of Accounts is a statutory document, whilst format is dictated by statute and regulation, it is produced as a result of the input of officers from across the Council.

6. RISK MANAGEMENT

Not applicable for this report.

7. EQUALITIES IMPACT ASSESSMENT

7.1 None for the purposes of this report.

8. COMMUNITY SAFETY

8.1 Not applicable for this report.

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 None.

Health

9.2 None.

Corporate Parenting

9.3 None.

Staffing and accommodation

9.4 None.

Responsible Procurement

9.5 None.

10. TIMETABLE FOR IMPLEMENTATION

10.1 Not applicable.

AUDIT TRAIL

Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Andrew Wilson	Cabinet Member for Finance	08.03.22	11.03.22	
Fiona McDermott Strategic Director	Finance and Investment	08.03.22	09.03.22	Appendices
Christina Thompson Director	Finance and Property	08.03.22	15.03.22	
Andrew Pavlou, Legal Services	Legal and Governance	08.03.22	15.03.22	
Chloe Morris, Democratic Services	Legal and Governance	08.03.22	08.03.22	

REPORT HISTORY

Original discussion with Cabinet Member	Ongoing
Report deadline	18.03.22
Date final report sent	15.03.22
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	None
Appendices	Appendix 1 – Indicative Audit Strategy Memorandum 2021/22 Appendix 2 – Audit Strategy Memorandum Pension Fund draft