

**Report for:** Corporate Committee 18 March 2020

**Title:** External Audit Plan 2019/20

**Report authorised by:** Jon Warlow, Director of Finance (S151 Officer)

**Lead Officer:** Thomas Skeen, Head of Pensions, Treasury & Chief Accountant  
[thomas.skeen@haringey.gov.uk](mailto:thomas.skeen@haringey.gov.uk) 020 8489 1341

**Ward(s) affected:** N/A

**Report for Key/  
Non Key Decision:** Non Key decision

## **1. Describe the issue under consideration**

- 1.1. This report updates the Committee on the Council's plan for the audit of the Statement of Accounts for 2019/20.

## **2. Cabinet Member Introduction**

- 2.1. Not applicable.

## **3. Recommendations**

- 3.1. That the Committee notes the contents of this report and any further oral updates given at the meeting by BDO LLP.

## **4. Reason for Decision**

- 4.1. None.

## **5. Other options considered**

- 5.1. None.

## **6. Background information**

- 6.1. The content of the Statement of Accounts is largely determined by statutory requirements and mandatory professional standards as set out within the "Code of Practice on Financial Reporting" published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS), however adopts these in some cases to tailor their application to Local Government Finance.

- 6.2. The audit plan will be presented by Leigh Lloyd Thomas the Audit Partner from BDO. The plan sets out the approach the auditors will take, the key issues, timescales, staffing and fee for the audit. The audit plan is appended to this report at Appendix 1.
- 6.3. Officers will provide the auditors with all necessary information during the audit which will take place during June and July. BDO will then report back to the Corporate Committee in July on their findings and any recommendations.
- 6.4. The preparation and audit of the annual statement of accounts is a statutory requirement of the Accounts and Audit (England) Regulations 2015. The draft accounts must be prepared and certified by 31 May by the Section 151 Officer that they represents a true and fair view of the financial position of the Council. Audits should then be concluded by 31 July and audited accounts published by this date, or, if audits have not concluded audited accounts should be published as soon as possible after this date.
- 6.5. Members will note that the timescales for the audit and committee sign off of accounts and has moved forward from 30 September, to 31 July compared to prior years. This will be the third year of the brought forward timescales, and was a legislative requirement which began from 2017/18 onwards. The Council's Statement of Accounts must be submitted to the external auditor by 31 May (previously 30 June), and the audit and committee sign off has moved forward to 31 July (previously 30 September.)
- 6.6. Around 40% of all Local Government audits were not concluded by the 31 July deadline in 2019, Haringey being one of these authorities. Haringey's accounts were signed off by BDO on 22 November, however by 31 December around 20% of audits remained outstanding.
- 6.7. Auditors are under increasing regulatory pressure to complete additional work compared to prior years in order to gain higher levels of assurance before they are able to sign off an audit as complete. This is an industry wide issue, not specific to the public sector, however it has coincided with a point in time where there are additional pressures in local government audit, due to fees being cut by the central body that sets core audit fees.
- 6.8. Local government final accounts and audits are currently the subject of an independent review: the Redmond review. The objectives of this review are to determine:
  - Whether the audit and regulatory framework for local authorities in England is operating in line with the policy intent set out in the [Local Audit and Accountability] Act and the related impact assessment;

- Whether the reforms have improved the effectiveness of the control and governance framework along with the transparency of financial information presented by councils;
  - Whether the current statutory framework for local authority financial reporting supports the transparent disclosure of financial performance and enables users of the accounts to hold local authorities to account; and
  - To make recommendations on how far the process, products and framework may need to improve and evolve to meet the needs of local residents and local taxpayers and the wider public interest.
- 6.9. It is clear that the production and audit of the 2019/20 accounts will be another challenging year for Haringey officers and BDO, our external auditors. Haringey officers have worked with BDO to identify areas which early work can be completed on the accounts in March and April, in an attempt to complete some areas of audit work in advance of the main audit in June and July. However due to the way local government accounts are prepared, there are relatively limited areas where this can be done. In addition to this, during the 2019/20 financial year, Cabinet has approved two material property acquisitions which will have complex accounting implications requiring additional work to be completed by officers, and by BDO in their audit of the accounts. Details of these schemes and the associated transactions have been shared with BDO at an early stage to mitigate against any potential delay in the audit arising from these.

## **7. Contribution to Strategic Outcomes**

7.1. None.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### Finance and Procurement

8.1. As this report details a financial subject matter, finance comments are made throughout the content of this report.

### Legal

8.2. The Council is a category 1 authority and must comply with the requirements of the relevant Regulations of the Accounts and Audit Regulations 2015 when preparing a statement of accounts. Members should note the content of this report and the plan for the external audit to be carried out by BDO. In considering the report Members must take into account the expert financial advice available to it and any further

oral advice given at the meeting of the Committee. The report does not raise any legal issues.

### Equalities

8.3. There are no equalities issues arising from this report.

## **9. Use of Appendices**

Appendix 1 – Audit Plan from BDO

## **10. Local Government (Access to Information) Act 1985**

10.1. Not applicable.