

Report for: Corporate Committee 30 July 2020

Title: Statement of Accounts and External Audit Plan 2019/20

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

Lead Officer: Thomas Skeen, Assistant Director of Finance (Deputy S151 Officer)
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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 Statement of Accounts 2019/20 and the 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, in particular in relation to the Financial Reporting Council (FRC) report at confidential appendix 2.

4. Reason for Decision

- 4.1. None.

5. Other options considered

- 5.1. None.

6. Background information

- 6.1. A report on the 2019/20 audit plan was originally scheduled for a meeting of the Corporate Committee on [18 March 2020](#) – which was cancelled due to the Coronavirus pandemic. The Corporate Committee members have met a number of times since March 2020 and have been briefed on the audit plan, this report includes the material from the

cancelled 18 March 2020 meeting, and contains further updates on progress on the publishing of the draft statement of accounts.

- 6.2. 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.
- 6.3. 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.
- 6.4. Members will remember that the timescales for the audit and committee sign off of accounts and moved two years ago from 30 September, to 31 July.
- 6.5. The preparation and audit of the annual statement of accounts is a statutory requirement of the Accounts and Audit (England) Regulations 2015. Usual timescales are:
 - 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.
- 6.6. In response to the pandemic, these timescales were relaxed exceptionally for the 2019/20 statement of accounts. The first 31st May deadline has been pushed back to 31st August, and the second 31st July deadline has pushed back to 30th November.
- 6.7. Haringey was delayed in publishing its draft unaudited accounts compared to previous years, these were published on 29th June on the [Council's website](#), 2 months in advance of the new statutory deadline of 31st August. The audit of the accounts also began on 29th June. Usually, the Council and it's auditors would aim to conclude the audit of the accounts for the late July Corporate Committee meeting (this meeting), so that the committee could approve the final accounts in this meeting. This year this has obviously not been possible, but officers and BDO are aiming to work towards completion for the 17th September Corporate Committee meeting.
- 6.8. Officers understand that a small number of authorities published draft unaudited accounts by 31st May – the ‘usual’ deadline. A survey of

London Boroughs suggested that over half of boroughs planned to publish their accounts in the months of July or August.

6.9. Notwithstanding the effects of the pandemic, it is clear that the audit of the 2019/20 accounts will be another challenging year for Haringey officers and BDO, our external auditors. Haringey officers deliberately prioritised publishing the accounts as soon as was possible in order to enable the audit to begin as early as possible in the year, and for this to begin prior to the start of audits with other authorities. However, it is clear that resourcing within the local government audit sector is again problematic, with significant staff turnover in audit teams across the sector already being experienced and impacting on the 2019/20 audit.

6.10. Each year the Financial Reporting Council (FRC), the regulator for auditors, chooses a random sample of local government audits which it reviews – this process is called an ‘Audit Quality Review’ (AQR). BDO’s audit of Haringey for the 2018/19 financial year was randomly selected this year, and BDO’s audit of Haringey was therefore reviewed in recent months. The FRC have requested that the results of this review are tabled for the Corporate Committee’s information in the exempt part of the agenda at Appendix 2.

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. In particular members should note the content of the AQR Inspection Report attached at Appendix 2, the issues raised and the actions to address these issues.

Equalities

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

9. Use of Appendices

Appendix 1 – Audit Plan from BDO

Appendix 2 – Financial Reporting Council (FRC) Review (Exempt)

10. Local Government (Access to Information) Act 1985

10.1 Appendix 2 of the report is exempt as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 (Paragraph 3) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).