



## Governance, Audit, Risk Management and Standards (GARMS) Committee

<b>Title</b>	Status of the 2020/21 Audit and Plans for 2021/22 and 2022/23 Audit Delivery, and Teachers' Pensions Return Certification 2020/21
<b>Date of meeting</b>	15 April 2024
<b>Report of</b>	Interim Executive Director of Resources (s151 officer)
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Appendices</b>	Appendix A – BDO 20.21 Audit progress report Appendix B - LB Barnet Teachers' Pension Report
<b>Officer Contact Details</b>	Kevin Bartle – Interim Executive Director of Resources (s151 officer) <a href="mailto:Kevin.Bartle@Barnet.gov.uk">Kevin.Bartle@Barnet.gov.uk</a> 020 8359 2059  Mohammed Ahmed – Chief Accountant <a href="mailto:Mohammed.Ahmed@Barnet.gov.uk">Mohammed.Ahmed@Barnet.gov.uk</a> 020 8359 7129

### Summary

#### **2020/21 External Audit**

The external audit of the Council's Statement of Account is undertaken by BDO (up to 2023/23). BDO were presented with the draft financial statements (including the Pension Fund accounts) on 30<sup>th</sup> July 2021 and the draft accounts were published by the end of July 2021 in line with the Accounts and Audit Regulations 2015.

The 2015 Regulations require that the final approved accounts are published no later than 30<sup>th</sup> September of the financial year immediately following the end of the financial year to which the statement relates.

Further details on the progress can be found in Appendix A.

#### **2021/22 and 2022/23 External Audit**

BDO LLP (the council's appointed external auditors) are required to produce an audit planning report to highlight the key elements of their external audit strategy for the Council for the years 2021/22 and 2022/23.

The council's draft accounts for 2021/22 were published by the end of July 2022 and draft accounts for 2022/23 were published by the end of May 2023 in line with the Accounts and Audit Regulations 2015 and The Accounts and Audit (Amendment) Regulations 2022.

*The Council now understands from BDO that they will be unable to complete their audits of the 2021/22 and 2022/23 accounts by the time of the proposed 'backstop' date of 30<sup>th</sup> September 2024; this is likely to mean disclaimed opinions for these two years of audit. Further information will be made available to the Committee once the position becomes clearer.*

### **Teachers' pension fund return certification 2020/21**

BDO have completed their work on the Teachers' pension certification for 2020/21. The report is included in Appendix A. Three exceptions were noted but did not require amendments to the Return.

Section 3, Tier contribution percentage difference between Employer and Employee, the impact was not significant based on the total return value therefore no further investigation undertaken.

Section 4, differences in Tier analysis between Payroll data and Return data due to pay adjustments which 'are almost to be expected' with no overall difference.

Section 7, contribution uplift from 7.95% to 8.00% did not take place for an employee resulting in £19.67 lower contribution.

The council has engaged BDO to complete the certification for 2021/22 and 2022/23, work is currently underway to complete those.

## **Recommendations**

- 1. That the Committee note the content of BDO's report on the progress towards the sign off of the Council's 2020/21 Statement of Accounts and plans for 2021/22 and 2022/23 audits.**
- 2. That the Committee note the Teachers' Pensions return certification report and findings.**

### **1. Reasons for the Recommendations**

#### **Status of external audit 2020/21 and audit plan for 2021/22 and 2022/23**

- 1.1 BDO advised Audit Committee in July 2021 that they were not able to commence the audit until September, it was therefore not possible for them to conclude their audit in line with the statutory deadline. BDO presented a draft completion report to Committee in December 2021 and again in February 2022.
- 1.2 Audit Committee in February 2022:
  - Approved, subject to there being no material amendments, the Statement of Accounts for 2020/21 and recommended that they be signed by the Chairman and the Executive Director of Resources (Statutory 151 Officer) on behalf of the Council.
  - Delegated to the Executive Director of Resources (Statutory 151 officer) the ability to make necessary amendments to the statement of accounts, in so far as there is

no material impact on the General Fund, based on any subsequent findings of the External Auditor

- 1.3 For 2020/21 audit, the progress report (Appendix A) notes that clearance is required on Brent Cross asset classification, Key Audit Partner reviews and review of the whistleblowing complaint. BDO will provide a verbal update at the meeting. The final Statement of Accounts, including the Pension Fund accounts, will be published on the council's website once BDO have provided their Audit Opinion for inclusion in the Statement of Accounts.
- 1.4 Under Section 151 of the Local Government Act 1972- "...every local authority shall make arrangements for the proper administration of their financial affairs". Additionally, in accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the council's accounts and pension fund accounts.
- 1.5 A joint statement consulting on proposals to clear the backlog of historical audits and 'reset' the system was issued by DLUHC in February 2024. The consultation proposes putting a date in law (the "backstop date") of the 30 September 2024, by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. A link to the statement is included in section 9.1 in the background papers to this report.

#### **Teachers' Pensions certification 2020/21**

- 1.6 In order that the Council can consider the Auditor's Teachers' pension report, be able to comment on its findings and recommendations and consider if they require any additional information. Appendix B.

## **2. Alternative Options Considered and Not Recommended**

- 2.1 None in the context of this report.

## **3. Post Decision Implementation**

- 3.1 None in the context of this report.

## **4. Corporate Priorities, Performance and Other Considerations**

### **Corporate Plan**

- 4.1 This supports the council's corporate priorities as expressed through Our Plan for Barnet which sets out our vision and strategy for the borough. This includes the outcomes we want to achieve for the borough, the priorities we will focus limited resources on and, our approach for how we will deliver this.
- 4.2 The Annual Statement of Accounts are the primary means by which the Council is held to account for the stewardship of its resources.
- 4.3 The audits for 2020/21, 2021/22 and 2022/23 will assess fundamental aspects of financial standing and performance management in Barnet that relate to underlying principal of being financially responsible now and into the future.

### **Corporate Performance / Outcome Measures**

- 4.4 None in the context of this report.

### **Sustainability**

4.5 None in the context of this report.

### **Corporate Parenting**

4.6 None in the context of this report.

### **Risk Management**

4.7 A positive external audit opinion on the council's Statement of Accounts plays an essential and key role in providing assurance that Barnet's financial risks are managed in an environment of sound stewardship and control.

4.8 There are no key risks relating to the production, audit or publishing of the Statement of Accounts identified in the Council's risk register however, delays to the completion of audits does create a risk in that any issues identified cannot be addressed and resolved in a timely manner.

### **Insight**

4.9 None in the context of this report.

### **Social Value**

4.10 None in the context of this report.

## **5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)**

5.1 The Statement of Accounts show the financial position of the council as at 31 March 2021.

## **6. Legal Implications and Constitution References**

6.1 Section 151 of the Local Government Act 1972 requires that "...every local authority shall make arrangements for the proper administration of their financial affairs".

6.2 The Council is a public authority that is subject to the audit of its annual accounts by an external auditor. The Local Audit and Accountability Act 2014, Part 5 specifies the conduct of local audit.

6.3 Part 3, Regulation 9 of the Accounts and Audit Regulations 2015 requires that the statement of accounts must be considered by a committee or full council and approved by a resolution of that body. The accounts must then be signed by the person presiding at the meeting. The Section 151 officer must then reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the authority and its income and expenditure for that year.

6.4 The 2015 Regulations require that the final approved accounts are published not later than 30th September of the financial year immediately following the end of the financial year to which the statement relates. The audit did not commence until September 2021, and it was therefore not possible for it to be concluded in line with the statutory deadline.

6.5 International Standard on Auditing (UK and Ireland) 260 deals with the auditor's responsibility to communicate with those charged with governance in an audit of financial statements.

6.6 Under the Council's Constitution, Part 2B, Terms of Reference and Delegation of Duties to Committees and Sub-Committees, section 2 sets out the terms of reference of the Governance, Audit, Risk Management and Standards Committee which includes in paragraph 2.4.13 which includes "To review and approve the annual statement of

accounts and consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts".

## **7. Consultation**

7.1 None in the context of this report.

## **8. Equalities and Diversity**

8.1 Accurate financial reporting is important to ensure the management of resources to enable the equitable delivery of services to all members of the community, to reduce the differential impact of the services received by all of Barnet's diverse communities and to ensure compliance with the council's duties under the 2010 Equality Act.

## **9. Background Papers**

9.1 Department for Levelling Up, Housing and Communities (DHLUC) Statement: [Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit](#)

9.2 Governance, Audit, Risk Management and Standards Committee – January 2024: Item 9 [Agenda for Governance, Audit, Risk Management and Standards Committee \(GARMS\) on Thursday 18th January, 2024, 7.00 pm \(moderngov.co.uk\)](#)

9.3 Governance, Audit, Risk Management and Standards Committee – November 2023: Item 9 [Agenda for Governance, Audit, Risk Management and Standards Committee \(GARMS\) on Monday 27th November, 2023 7.30 pm \(moderngov.co.uk\)](#)

9.4 Governance, Audit, Risk Management and Standards Committee – July 2023: Item 8 [Agenda for Governance, Audit, Risk Management and Standards Committee \(GARMS\) on Monday 24th July, 2023, 7.00 pm \(moderngov.co.uk\)](#)

9.5 Audit Committee – April 2023: Item 7 [Agenda for Audit Committee on Wednesday 26th April, 2023, 7.00 pm \(moderngov.co.uk\)](#)