



Report to the Governance, Audit, Risk Management and Standards Committee

LONDON BOROUGH OF BARNET

Audit Progress: year ended 31 March 2021

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AUDIT UPDATE

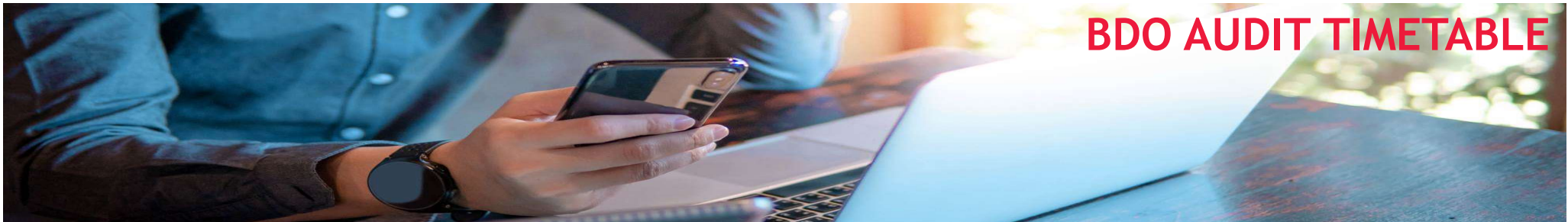


At Governance, Audit, Risk Management and Standards Committee on 18 January 2024 we reported to members two significant audit areas being infrastructure asset and Brent Cross asset classification were in progress. On the following page we have provided an update on these areas and also provided an indicative timeline for completion of our audit of the Council's 2020/21 financial statements.

On page 4 of our report we have provided some background to recent consultations aimed at addressing the significant backlog in audits across the local government sector. As we note elsewhere in this report, we expect to conclude our audit of the Council's financial statements for the year ended 31 March 2021 in advance of the backstop date included in the consultation. However, for our audit of the Council's financial statements for the years ended 31 March 2022, and 31 March 2023, subject to the outcome of these consultations, we expect to issue a disclaimed audit opinion.

Ciaran Mclaughlin

22 March 2024



BDO AUDIT TIMETABLE

We have proposed to officers the following timetable to progress the current(31 March 2021) audit

January-March 2024

- ▶ Meet with senior members of the finance team and Chair of Governance, Audit, Risk Management and Standards Committee to provide an update on changes at Key Audit Partner level
- ▶ Infrastructure asset audit work reviewed by manager
- ▶ Additional information provided by management in support of Brent Cross classification reviewed and concluded by manager. Management's attention drawn to possible classification error.

April -May 2024

- ▶ Review GT's report on whistleblower complaint and evaluate impact on any open audit
- ▶ Completion of Key Audit Partner reviews and audit team clearance of any review points raised
- ▶ Clearance of review points raised by BDO's Financial Reporting Technical Standards reviewer on the draft financial statements including the approval of Brent Cross asset classification in the final statements
- ▶ The Council to respond to queries relating to audit procedures and provide additional information as required
- ▶ Clearance of manager review points

June - AUGUST 2024

- ▶ Finalise audit procedures
- ▶ Reconsider any new information that has arisen
- ▶ Undertake BDO internal quality review procedures.
- ▶ Meet with Officers to discuss key audit findings
- ▶ Draft reporting for members of Governance, Audit, Risk Management and Standards Committee
- ▶ Review revised financial statements
- ▶ Report the final position to members of Governance, Audit, Risk Management and Standards Committee
- ▶ Issue 2020/21 auditors report

SEPTEMBER 2024

- ▶ Issue combined auditors annual report and commentary on value for money covering 31 March 2021 to 31 March 2023
- ▶ Issue auditors reports on 2021/22 and 2022/23 in line with new code requirements
- ▶ Issue any outstanding audit certificates from 2015/16

SECTOR UPDATE

On 8 February 2024, a consultation was launched as part of a cross-system effort to address the backlog in local government audits across the sector. In summary:

- The Department for Levelling Up, Housing and Communities sought views on changes to the Accounts and Audit Regulations 2015 to introduce backstop dates for the publication of audited accounts
- The National Audit Office sought views on changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements

Further details can be found [here](#).

Key elements of the consultation included proposals for:

- Auditors to produce a single commentary on value for money arrangements covering all outstanding periods up to 2022/23
- A proposed backstop date of 30 September 2024 for auditors to issue audit opinions, including modified or disclaimed opinions due to the backstop, for all periods up to and including 2022/23
- A series of backstop dates for later periods of account

BDO responded to both consultations. We await the Government's final proposals but continue to consider the implications for our audit of future periods.

On 29 February 2024, the Chartered Institute of Public Finance and Accountancy (CIPFA) launched its Invitation to Comment on short term proposals intended to help address the backlog of local authority audits. After considering a wide range of options CIPFA decided to explore two approaches. These would affect the 2023/24 and 2024/25 Codes, by providing:

- An option to simplify measurement of operational property plant and equipment using specified indexation, and
- Reduced disclosures for pensions reporting, by aligning that reporting with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland

The Invitation to Comment can be found [here](#).



FOR MORE INFORMATION:

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the Council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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