

Meeting

Audit Committee

Date and time

Thursday 15th September, 2022

At 7.00 pm

Venue

Hendon Town Hall, The Burroughs, London NW4 4BG

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
7	Update on the Audit of the 2020.21 Statement of Accounts	3 - 4

This page is intentionally left blank

OUTSTANDING MATTERS

We have substantially completed our audit work in respect of the financial statements for the year ended 31 March 2021.

The following matters are outstanding at the date of this report and could impact our audit opinion:

- PPE valuations testing (to be completed once audit evidence obtained from the Council)
- Investment property testing in progress
- HRA valuations (follow on audit evidence obtained and BDO in process of updating working papers)
- Cashflow testing (the working paper has been received from the Council, BDO in process of updating working papers). The cash flow statement is usually one of the areas to be audited in the final stages of the audit to ensure all adjustments impacting on it have been fully reflected. This will therefore only be finalised when the audit is fully complete.
- Clearing down quality review points raised on file following on from Manager, RI, EQCR and technical reviews
- Infrastructure assets- Our understanding of the latest position is on infrastructure is detailed below. There are two core issues being considered:
 1. Disclosure of gross book value and accumulated depreciation (which we consider will be materially overstated if no derecognition has been actioned)
 2. The material accuracy of the net carrying value of infrastructure assets.

In respect of the gross book value and accumulated depreciation disclosures:

- We are anticipating that there will be an override of the existing Code requirement to disclose these amounts in the Statement of Accounts that will simply remove this requirement to disclose them
- This is in the process of being agreed with CIPFA/LASAAC and the Financial Reporting and Advisory Board (FRAB). We understand that there is a FRAB session scheduled later this month to consider the proposed Code changes
- Once agreement has been reached, we understand that the wording of the Code override will be issued as an amendment to the Code, to apply retrospectively back to when IFRS was first introduced 2010/11 and will be extant until at least 2024/25.

On the matter of the material accuracy net carrying value of infrastructure assets:

- It is anticipated that a direction will be made, by way of a Statutory Instrument, that seeks a way forward on this issue which seeks to limit instances of qualification on the accounts
- We have not seen any proposed wording for this Statutory Instrument (which is being drafted by DLUHC and CIPFA/LASAAC) but we expect it will be designed to be retrospective to avoid a rolling qualification issue
- The Statutory Instrument will need to be approved by Parliament and there is presently no clear timeline on when this might happen, but we do know that once it is laid before Parliament it will take 21 days for it to clear that process.

This page is intentionally left blank