

## External Audit 2020/21 Statement of Accounts

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	James Lake, Head of Finance - Statutory Accounts & Pension Fund
<b>Papers with report</b>	None
<b>Ward</b>	All

### HEADLINES

This paper provides an update on the progress of the external audit of the 2020/21 Statement of Accounts including the Pension Fund Accounts.

### RECOMMENDATIONS:

**That the Committee notes the 2020/21 external annual audit update.**

### SUPPORTING INFORMATION

#### Audit Update

EY will provide a verbal update on the status of the 20/21 external audit at the 1 February 2022 Audit Committee. At the time of writing, the Pension Fund Accounts element has been completed, subject any cross-referencing checks with the Council. It is expected the Council element will be completed on the Audit Committee date of the 1 February 2022. Should the audit be complete ahead of this date, the Statement of Accounts will be signed off by the Chair of the Audit Committee and Corporate Director of Finance under the delegation agreed at the meeting held on 29 September 2021.

#### Value for Money

Under the Code of Audit Practice 2020 EY are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria on the arrangements the Council has in place to secure value for money for the relevant period. The outcome of the assessment is included in a new report named the 'Auditors Annual Report'

At the September meeting EY reported that at that stage they had not identified any significant risks regarding the Council's 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. EY continue to review the responses and evidence provided and this will enable them, to issue the 'Audit Report'. EY then have a further three months in which to issue the VFM Auditors Annual Report.

## **Whole Government Accounts (WGA)**

Alongside the audit of the accounts EY is also required to review the Whole Government Accounts submission. To enable the WGA submission HM Treasury (HMT) create a Data Collection Tool (DCT). Currently HMT are still developing the tool which is now due for release in Q1 2022. Until the WGA return has been completed and reviewed, EY will be unable to finalise the annual audit. However, it should be noted this does not impact an opinion being issued on the Statement of Accounts.

## **FINANCIAL IMPLICATIONS**

Proposed scale fees detailed in the original audit plan for the London Borough of Hillingdon include the PSAA agreed scale fee of £121,096 plus an extra scale fee of £82,728 which is currently being discussed with the PSAA. Further additional variation fees of between £9,000 and £18,000 for specialist areas are also listed. The EY report also notes further potential variation costs for additional work and grant certification.

For the London Borough Pension Fund agreed scale fees are £16,170 with an additional scale fee of £28,290.

These additional scale fees are being considered by the PSAA as part of the national consideration of EY's fee proposals.

## **LEGAL IMPLICATIONS**

The Statement of Accounts is compiled in accordance the CPIFA Code of Practice (The Code) The Code sets out the proper accounting practices defined by Section 21(2) of the Local Government Act 2003. These proper practices apply to statements of accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015. The audit of those accounts is undertaken in accordance with the statutory framework established by Sections 3 and 20 of the Local Audit and Accountability Act 2014 for England.