

# EXTERNAL AUDIT UPDATE OF THE 2021/22 STATEMENT OF ACCOUNTS

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	James Lake, Head of Pensions, Treasury & Statutory Accounts
<b>Papers with report</b>	TO FOLLOW - EY audit update for London Borough of Hillingdon and London Borough of Hillingdon Pension Fund
<b>Ward</b>	All

## HEADLINES

The report to follow, summarises EY's current progress on the audit of the 2021/22 Statement of Accounts, including the Pension Fund Accounts.

## RECOMMENDATIONS:

**That the Committee:**

- 1. Note the progress of 2021/22 annual external audit; and**
- 2. Delegate authority to the Corporate Director of Finance, in conjunction with the Chairman of the Audit Committee and other Audit Committee Members, to approve the 2021/22 Statement of Accounts and Audit Results Report, and to report the outcome back to a subsequent Audit Committee meeting.**

## Information

Audit of the 2021/22 Statement of Accounts has progressed since the Audit Committee meeting in January 2023. EY will comment on their paper and provide a verbal update.

An interim measure has been agreed and put in place to allow a solution on the national issue relating to the presentation of infrastructure assets. Following this directive, the Council has been working with EY to provide assurance on the underlying methodology and valuation. A new disclosure to comply with the revised guidance has been prepared and has been signed off by EY.

Following the infrastructure resolution, a further national issue has been raised by audit firms regarding the presentation of IAS19 (Council) and IAS26 (Pension Fund) pensions disclosures. As Pension Funds have now completed their 2022 triennial valuation, better information, in form of actual results rather than estimates, is now available. Consideration is being given on potentially recalculating the pension disclosures to ascertain if there is a material difference.

Contingent on the above and subject to the procedures listed below, which are to be updated closer to our auditor's report date, the Pension Fund audit opinion has been substantially completed.

- Agreement of final amendments to the accounts;
- Updated going concern procedures;
- Subsequent events update;

- Management representations letter.

EY expect to issue an unmodified audit opinion for the pension fund.

At the time of writing, it is unclear if the Council audit will be completed by the next Audit Committee on 08 August 2023, however should the national issue and other outstanding items be resolved, officers again request that the final 2021/22 Statement of Accounts and Audit Results Report be distributed for consideration, questions, and approval by email, which will in turn, authorise the Chair and S151 Officer to sign relevant documentation as required. The outcome would then be reported at the next Committee meeting.

## **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. Extra scale and variation fees will be discussed with the PSAA.

For the London Borough Pension Fund agreed scale fees are £16,170. Extra scale and variation fees will be discussed with the PSAA.

These additional scale fees are being considered by the PSAA as part of the national consideration of EY's fee proposals. The Corporate Director of Finance will also consider these fees in line with benchmarking information and in consultation with EY. An allowance for increased fees has been made within the Council's statement of accounts.

## **LEGAL IMPLICATIONS**

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to PSAA on a transitional basis under powers contained in the Local Audit and Accountability Act 2014. In Hillingdon, EY have been appointed by the PSAA to carry out this function. Other legal implications are included in the body of the report.

The Accounts and Audit (Amendment) Regulations 2022:

4B Paragraph (1) applies in relation to the publication of documents relating to the financial year beginning in 2021 as if for "31st July" there were substituted "30th November".

6A Paragraph (2)(b) applies in relation to the audit of accounts relating to the financial year beginning in 2021 as if for "but not later than 31st July" there were substituted "but not later than 30th November".

## **BACKGROUND PAPERS**

To follow.