

Non-Executive Report of the: Audit Committee 7 April 2021	 TOWER HAMLETS
Report of: Kevin Bartle, Interim Corporate Director of Resources (s151 officer)	Classification: Unrestricted
Progress Update on 2018/19 and 2019/20 Accounts and Audit	

Originating Officer(s)	Interim Chief Accountant, Tim Harlock
Wards affected	Wards

REASONS FOR URGENCY:

The report was not published five clear days in advance of the meeting. Therefore, before this report can be considered at this meeting, the Chair would need to be satisfied that it is necessary to consider this report without that consideration being delayed to a later meeting. It is important that there is no delay in member oversight of the completion of the Statements of Accounts for the financial years 2018/19 and 2019/20, which are already significantly later than the statutory timetable permits.

Executive Summary

This report provides brief update on the progress that has been made on both the 2018/19 and 2019/20 accounts and audits of those accounts.

This report should be read in conjunction with the update report from Deloitte, the appointed external auditor, also presented at this meeting.

Recommendations:

The Audit Committee is recommended to:

1. Note the revised Statements of Accounts for 2018/19 and 2019/20 as presented in the appendices;
2. Note the continuing progress on, and plans for completion of, the audits for both the 2018/19 and the 2019/20 financial years.

1. REASONS FOR THE DECISIONS

- 1.1 The Accounts and Audit Regulations 2015 require that each Local Authority approve its audited financial statements by the statutory deadline of 31st July each year. The Regulations were amended for the year 2019/20 and the statutory deadline for that year was 30th November 2020. Since those target deadlines have been missed for both years, it is incumbent upon the Council to have its financial statements signed off as soon as possible thereafter.

2. ALTERNATIVE OPTIONS

- 2.1 The Council produces its Statement of Accounts in line with the relevant guidance and legislation.
- 2.2 This report has been produced to ensure members are properly informed of the correct approval process, and officers' progress in achieving final approval and associated completion of the audit by the external auditors; Deloitte. It is also important to keep Members informed of the Council's financial position, as a result no alternative action is considered appropriate.

3. DETAILS OF THE REPORT

- 3.1 A revised set of 2018/19 and 2019/20 accounts were presented to the Audit Committee at its meeting on 28th January 2021. Since then there has been continued progress with the audit of both years, leading to some areas of the accounts being recognised as satisfactory, but also, in other areas, to the identification of further errors.
- 3.2 Where these errors were determined within actionable timeframes, they have generally been corrected within the accounts where practicable. This has led to new accounts being drawn up, which are presented as appendices to this report.
- 3.3 Regrettably, it has not proved possible to complete either audit yet, which are currently ongoing. It is probable that the accounts as presented will not yet be the final versions. Although the accounts as presented have improved in quality and accuracy, there may still be a small number of further amendments required as the audit continues to completion.
- 3.4 Elsewhere on the agenda for this meeting, the auditors are presenting a detailed overview of findings to date, and progress observed in terms of incorporation into the accounts. This report will not duplicate this detail and so Members are referred to that report accordingly.
- 3.5 It should be noted there are a number of information requests and queries outstanding on both the 2018/19 and 2019/20 audits and officers plan to respond to all outstanding queries such that revised and final approved

Statements of Accounts can be presented to Audit Committee at its July meeting.

- 3.6 It is a matter of regret that the audit process has taken considerably longer than planned. Explanations and reasons for these delays has been the subject of an independent review of the 2018/19 accounts, reported at the November 2020 meeting of this committee. The Council had already embarked on a process of improvement which is the subject of a separate report on this agenda; item 4.2 - Finance and Governance Improvement Plans. It is intended that members will gain some confidence from reading the report in that the required improvements are being actively implemented and the actions overseen at appropriate levels.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no direct equalities implications within this report.

5. OTHER STATUTORY IMPLICATIONS

5.1 VALUE FOR MONEY CONCLUSION

Deloitte will report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources as part of its audit report on the Statement of Accounts.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 As this report is written by the Chief Finance Officer, his comments are included throughout the report.
- 6.2 The Statement of Accounts 2018/19 and 2019/20 are being restated so as to take account of the significant errors found to date.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Regulation 10 of the Accounts and Audit Regulations 2015 requires a local authority to publish their statement of accounts not later than 31 July of the financial year immediately following the end of the financial year to which the statement relates, or, for the financial year starting in 2019, not later than 30 November. These dates have not been kept, as noted in the report.
- 7.2 Regulation 3 of the Accounts and Audit Regulations 2015 requires a local authority to have a sound system of internal control which ensures that the financial and operational management of the authority is effective.
- 7.3 Save as mentioned above, the matters set out in this report comply with the above legislation.

Linked Reports, Appendices and Background Documents

Linked Report

- Update on 2018/19 and 2019/20 Accounts and Audit (November 2020 Audit Committee)

Appendices

- Appendix 1 – Amendments to 2018/19 with impacts on usable resources
- Appendix 2 – Amendments to 2019/20 with impacts on usable resources
- Appendix 3 – Draft Statement of Accounts 2018/19
- Appendix 4 – Draft Statement of Accounts 2019/20

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

- None

Officer contact details for documents:

Or state N/A