

Non-Executive Report of the:  <b>Audit Committee</b>  Thursday, 24 November 2022	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Interim Corporate Director, Resources (s151 officer)	<b>Classification:</b> Open (Unrestricted)
<b>Follow up work to the independent review on the Finance Improvement Plan</b>	

<b>Originating Officer(s)</b>	Tim Harlock
<b>Wards affected</b>	(All Wards);

### **Executive Summary**

This report presents the outcome of a follow-up exercise on the independent review undertaken by Worth Technical Accounting Services Ltd, of the 2018-19 year-end closure of accounts.

In general, it presents a positive trajectory, and provides assurance that improvement in processes and procedures are well underway for year-end financial closedowns, that will lead to more positive external audit reports on the Council's Statement of Accounts.

### **Recommendation:**

The Audit Committee is recommended to:

1. Note the contents of the follow-up report on the external independent review of the Council's closure of accounts processes.

### **1. REASONS FOR THE DECISIONS**

- 1.1 No decisions are required.

### **2. ALTERNATIVE OPTIONS**

- 2.1 This report is presenting progress against a previously presented independent review; as such, no other options are presented.

### **3. DETAILS OF THE REPORT**

- 3.1 The 2018-19 and 2019-20 accounts are still in the process of audit review and finalisation, though are expected to be completed by the next Audit Committee in January 2023. There was a statutory requirement for the accounts from those years to have been completed and audited by 31 July of the respective years, so this represents significant failure on the part of the Council.
- 3.2 The issues around the timing and the quality of the Statement of Accounts for 2018-19 led the Audit Committee to instruct the former Corporate Director of Resources to commission an independent review, which was conducted by Worth Technical Accounting Solutions Ltd, and was reported back to this committee in January 2021.
- 3.3 In response to that review, officers worked up the Finance Improvement Plan, progress against which was last reported to this committee in June 2022.
- 3.4 In order to provide further assurance to this committee that improvements are being implemented, the same independent reviewer has been commissioned to produce a follow-up report, which is presented at Appendix A to this report.
- 3.5 In general, the report provides evidence of a positive trajectory, although it should be appreciated that many of the improvements which have been implemented will show their benefits in the 2021-22 accounts, and indeed some will not fully come to fruition until the 2022-23 year-end accounts.

### **4. EQUALITIES IMPLICATIONS**

- 4.1 There are no specific implications arising from this report.

### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 The preparation and audit of the Accounts is a statutory duty set out in the Accounts and Audit Regulations 2015, so the Council must take actions that lead to the completion of the Accounts and External Audit on time.

### **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 The report is completely financial in nature and, as such, the views of the CFO are incorporated throughout the report. No new considerations arise from this report.

## **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.
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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- 28<sup>th</sup> January 2021 Audit Cttee, Item 4  
[Appendix B -LBTH - report 30 10 2020.pdf \(towerhamlets.gov.uk\)](#)
- 28<sup>th</sup> June 2022 Audit Cttee, Item 7:  
[Final Report on the Finance Improvement Plan](#)

### **Appendices**

- Appendix A – Update from Worth Technical Accounting Services Ltd

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

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

List any background documents not already in the public domain including officer contact information.

- State NONE if none.

#### **Officer contact details for documents:**

N/A