


Non-Executive Report of the: Audit Committee Thursday, 20 July, 2023	 TOWER HAMLETS
Report of: Interim Corporate Director, Resources	Classification: Unrestricted
Update on Financial Accounts and Audits of 2018/19, 2019/20 and 2020/21	

Originating Officer(s)	Ahsan Khan, Head of Strategic Finance – Chief Accountant
Wards affected	All wards

Executive Summary

This report provides a progress update on the Statements of Accounts for 2018/19, 2019/20 and 2020/21.

Recommendations:

The Audit Committee is recommended to:

1. Note the contents of this report.

1. REASONS FOR THE DECISIONS

- 1.1 No decisions are required.

2. ALTERNATIVE OPTIONS

- 2.1 Non-applicable.

3. DETAILS OF THE REPORT

Progress towards sign-off of the 2018/19 and 2019/20 accounts

- 3.1 This committee previously received substantial update reports in January and May 2023. This report will only cover subsequent progress to the May position.
- 3.2 At the May meeting it was stated that there was still a significant issue that was being investigated by the auditor, Deloitte. The work involved has proved to be very time-consuming and is therefore making slower progress than the timeframes originally envisaged.
- 3.3 The issue being investigated revolves around the movements in some of the member data as supplied to the actuary, Hymans Robertson, between the triennial valuations of 2016 and 2019, and then how those movements have been interpreted and applied to the net pension liability.
- 3.4 This is the last outstanding issue remaining on the accounts for 2018/19 and 2019/20. However, if it doesn't get resolved satisfactorily it might lead to a qualification on the 2019/20 balance sheet, and would then automatically lead to further qualifications in later years too (until the 2022 triennial valuation replaces the impacts of the 2019 valuation).

Progress on 2020/21 accounts and audit

- 3.5 The draft 2020/21 accounts were published in January 2022, and were subsequently updated with some of the requirements arising from identification of errors and deficiencies in the 2018/19 and 2019/20 accounts that continued to arise subsequently. These revised accounts were presented to Deloitte in March 2023.
- 3.6 The audit of the 2020/21 accounts has started now, with a wider Deloitte audit team commencing from early July.
- 3.7 Officers are already aware that a further revision to the March 2023 accounts will be required in order to update some of the more challenging notes (for example, the officer remuneration note, for which the 2018/19 and 2019/20 accounts are being qualified).
- 3.8 At this stage, officers acknowledge that it may be difficult to correct all of the deficiencies arising in the informational notes. There will, again, need to be a consideration of the benefits of such information set against the need to address other priorities, such as identifying budget savings for next year.

4. EQUALITIES IMPLICATIONS

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

5. OTHER STATUTORY IMPLICATIONS

- 5.1 Approval of the accounts, once Members are satisfied, is a statutory responsibility that falls to Audit Committee.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This whole report presents matters that are directly concerned with fulfilment of the role and responsibilities of the s151 officer.

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 years starting in 2019 and 2021, not later than 30 November, and, for the financial years starting in 2020 and 2022, not later than 30 September. These dates have not been kept.
- 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

- There have been various updates provided to this committee since July 2019 from both Deloitte and officers, but this report is self-contained for the purposes of updating on progress.

Appendices

- NONE

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.

- NONE.

Officer contact details for documents:

N/A