

Item No. 12.	Classification: Open	Date: 5 February 2024	Meeting Name: Audit, Governance and Standards Committee
Report title:		2021-22 Audit Findings Reports For London Borough of Southwark and Pension Fund	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance	

RECOMMENDATIONS

1. That the Audit, Governance and Standards Committee :
 - a) consider the matters raised in Grant Thornton's updated audit findings report for 2021-22 (appendix A) before approval of the council's main accounts
 - b) note the adjustments to the main accounts as set out in pages 27-30 of the updated audit findings report (appendix A)
 - c) consider the matters raised in the Pension Fund updated audit findings report 2021-22 (appendix B) prior to approval of the Pension Fund accounts
 - d) note the adjustments to the Pension Fund accounts as set out in page 14-15 of the audit findings report
 - e) approve the letters of representation for the council and pension fund as required by Grant Thornton In order to conclude the audit of 2021-22 statement of accounts

BACKGROUND INFORMATION

2. As the council's appointed external auditor, Grant Thornton is required under the statutory Code of Audit Practice for Local Government Bodies to issue reports to those charged with governance summarising the conclusions of the audit work. The audit, governance and standards committee is the council's constitutional body for receiving these reports and needs to consider the auditor's reports before approving the accounts.
3. There are separate audit findings reports from the auditor for the main accounts and the Pension Fund accounts due to the separate audits for both areas.

4. The auditor is required by professional auditing standards to report to the committee certain matters before giving their opinion on the financial statements.
5. In addition to reporting on the financial statements, the auditor reports on any circumstances where they suspect or detect fraud and on whether, in their view, the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
6. The principal purposes of the reports are to:
 - reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and the audit, governance and standards committee;
 - share information to assist both the auditor and the committee to fulfil their respective responsibilities;
 - provide the committee with recommendations for improvement arising from the audit process.
7. Interim audit findings reports for the council's main accounts and pension fund accounts were presented to audit, governance and standards committee on 15th November 2023 along with an updated statement of accounts.
8. Before the auditor issues their formal opinion, they will require letters of representations to be provided by the council.

KEY ISSUES FOR CONSIDERATION

Audit Opinion

9. The auditor is nearing the completion of the audit of the financial statements and, subject to a few outstanding queries being resolved, anticipates issuing unqualified opinions on both the main accounts and the Pension Fund..
10. Due to national backlog of local authority audits the Department for Levelling Up, Housing and Communities (DLUHC) are consulting on the introduction of legislation to implement a statutory deadlines of 30 September 2024 for completion of audits up to and including 2022-23 accounts. if it is not achieved auditors may need to issue qualified opinions and disclaimers of opinion (ie no audit opinion is given). Therefore there is an urgency to complete the outstanding audits of 2021-22 and 2022-23 accounts and it is intended to do so by 31 March 2024.
11. At its meeting on 15th November the audit, standards and governance audit delegated authority to the strategic director of finance and the chair of the audit, governance and standards committee to approve any further potential changes to statement of accounts resulting from the audit, and also to approve letters of representation (which will be standard representations similar to previous years) as required by Grant Thornton before an audit opinion can be issued.

12. The purpose of Grant Thornton's Audit Findings Reports (AFR) is to detail their findings and matters arising during the course of auditing the financial statements. A number of adjustments have come to light during the period since the last meeting which are highlighted in the updated AFR and the auditors will provide details on these items and an update on any outstanding audit items during the presentation of their findings to this committee

Community, equalities (including socio-economic) and health impacts

Community impact statement

13. This report and the accompanying accounts are not considered to have a direct impact on local people and communities. However, good financial management and reporting arrangements are important to the delivery of local services and to the achievement of outcomes.

Equalities (including socio-economic) impact statement

14. This report is not considered to contain any proposals that would have a significant equalities impact.

Health impact statement

15. This report is not considered to contain any proposals that would have a significant health impact.

Climate change implications

16. This report is not considered to contain any proposals that would have a significant impact on climate change.

Resource implications

17. There are no direct resource implications in this report.

Consultation

18. Consultation on the draft statement of accounts is carried out through formal public inspection. The accounts were open for public inspection from 3 July 2023 until 11 August 2023.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

19. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Department of Finance files	Finance Department, Second Floor, Tooley Street	Amarjit Uppal 0207 525 4578

APPENDICES

No.	Title
Appendix A	Audit Findings Report for Southwark Council 2021-22
Appendix B	Audit Findings Report for Southwark Council Pension Fund 2021-22

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Finance	
Report Author	Amarjit Uppal, Chief Accountant	
Version	Final	
Dated	23 January 2024	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Assistant Chief Executive Governance & Assurance	N/A	N/A
Strategic Director of Finance	N/A	N/A
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team	25 January 2024	