

<b>Title of Report</b>	External Audit Completion Report 2022/23
<b>For Consideration By</b>	Audit Committee
<b>Meeting Date</b>	31 January 2024
<b>Classification</b>	Open
<b><u>Wards Affected</u></b>	All
<b><u>Group Director</u></b>	Jackie Moylan Group Director of Finance

1. **Introduction**

- 1.1 The audit completion report for the financial year 2022/23, produced by the Council's external auditors, offers a thorough summary of the audit status concerning the financial statements of both the Council and Pension Fund.

2. **Recommendation**

- 2.1 The Audit Committee is recommended to note the contents of the reports.
- 2.2 Authorise the Group Director of Finance to approve the final Statement of Accounts for 2022/23, contingent upon the completion of the outstanding work by the external auditor, as detailed in the audit completion reports (see Appendix 1 & 2)

3. **Reasons for decision**

- 3.1 The external auditors are required to report to “those charged with governance” any matters arising from the annual audit of the Council’s Financial Statements and those of the authority’s Pension Fund before they can issue audit opinions on those statements.

4. **Background**

Policy context

- 4.1 The Audit Progress Reports discharge the external auditor’s responsibility under the International Standards of Auditing (ISA) (UK & Ireland) 260, communication of audit matters with those charged with governance.

### Equality impact assessment

- 4.3 For this report, an Equality Impact Assessment is not applicable.

### Sustainability

- 4.4 Not applicable - This report contains no new impacts on the physical and social environment.

### Consultations

- 4.5 Not applicable

### Risk assessment

- 4.6 Details of the auditor's assessment of risk associated with the audit of the accounts will be outlined in the ISA260 Report (see appendix 1)

## **5. External Audit Completion Report 2022/23**

- 5.1 As of the date of this report, our 2022/23 audit (including pension fund) is still in progress, and our auditors anticipate completing audit testing shortly. Subject to the completion of the 2021/22 audit and the signing of the opinion, along with the resolution of outstanding issues for 2022/23 detailed in section two of appendix one and two, our auditors anticipate issuing an unqualified audit opinion on the statement of accounts.
- 5.2 The auditors' VFM arrangements will not be completed by the time we issue the audit opinion. Nonetheless, at present, there are no matters to report. Their goal is to finalise the VFM assessment by the end of March 2024 and incorporate a VFM commentary in the Auditor's Annual Report, which they will release shortly after the conclusion of the audit.
- 5.3 The Audit fees for 2022/23 currently stand at £197k for the Council audit, and £18k for the Pension Fund audit, however, the Council audit fee is anticipated to increase for the following;
- PPE & IP valuations
  - Impact of Covid -19
  - Group accounts
  - Increased regulatory requirements
  - Code changes to value for money
  - Revised auditing standard on accounting estimates
  - Additional work to address enhanced risks
- 5.4 The external auditors will present their reports at the Audit Committee meeting and take any questions from members of the Committee regarding the audit of the accounts.

6. **Comments of the Group Director of Finance and Corporate Resources**

- 6.1 As set out above, the work to finalise the audit of the Council's 2022/23 Accounts is almost complete. Again it is disappointing that the audit opinion remains outstanding due to backlogs caused by national issues around pension funds' assets and liabilities, which is a result of delays to the audit driven by the infrastructure asset issue and the much discussed resource issue in the external audit market.
- 6.3. It is pleasing to note that a good working relationship has continued with the auditors and officers of the Council. Whilst we are not as far advanced in terms of the audit for 2022/23 as was anticipated by both ourselves and our auditors when their Audit Strategy documents for 2022/23 were presented to Audit Committee in September 2023, Mazars and officers are working hard to conclude the process.
- 6.4 I want to express my gratitude to the auditors for their collaborative efforts with my team. I would also like to thank all those officers involved with the preparation of the Statement of Accounts for the hard work that they have undertaken.

7. **Comments of the Acting Director of Legal, Democratic and Electoral Services**

- 7.1 Section 151 of the Local Government Act 1972 provides that 'every local authority shall make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs.'
- 7.2 The proper administration of the Council's financial affairs includes the obligation on the Council to have its accounts audited in accordance with the Audit Commission Act 1998.
- 7.3 The Council's Constitution gives the Audit Committee responsibility for adopting the annual statement of accounts and for considering whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit which need to be brought to the attention of the Council.
- 7.4 Consideration of this report by the Audit Committee is in pursuance of the above mentioned obligations and is part of the Council's fulfilment of its duties.

**Appendices**

- Appendix 1 - LB Hackney 2022-23 Audit Completion Report (Council)
- Appendix 2 - LB Hackney 2022-23 Audit Completion Report (Pension Fund)

**Background documents**

None

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