

# London Borough of Brent and Pension Fund Audit Progress Report

**Year ending 31 March 2021**

31 January 2022



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# Introduction

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This paper provides the Audit and Standards Advisory Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Standards Advisory Committee can find useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk) ..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at January 2022

## Financial Statements Audit

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. In 2020 this date was pushed back to 31 August. The date by which authorities are required to publish audited financial statements is 30 September. In 2020 this date was pushed back to 30 November.

We reported our work in the Audit Findings Report in September and gave our opinion on the financial statements on 29 September 2021.

We will issue the audit certificate once work on the Whole of Government consolidation pack audit procedures and review of the Pension Fund annual report are complete. The work is on track to meet the respective deadlines.

Our work on the 2021/22 financial statements audit will commence in March 2022.

We would note that DLUCh have moved deadline for 2021/22 audits back to 30 November 2022.

## Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office (NAO) has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements.

Our work on the Council’s 2020/21 Value for Money conclusion is complete and we presented the Auditor's Annual Report on 22 September 2021 to the Audit and Standards Committee. We will present the report to Full Council in February 2022.

# Progress at January 2022 continued

## Other areas

### Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2020/21 claim began in November. DWP has extended the deadline for reporting the findings of this work to 31 January 2022. We will report our findings to the Audit and Standards Advisory Committee once our work is complete.

We certify the Authority's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2020/21 return began in October and is ongoing.

We also certify the Authority's annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government. (MHCLG). The certification work for the 2020/21 return began in December and is ongoing.

### Meetings

We met with Finance Officers in November as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Executive in November to discuss the Authority's strategic priorities and plans.

## Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers have been invited to attend our Financial Reporting Workshop in January and February 2022, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

## Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2020/21 is the third year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 and 2019/20 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit, Compliance and Governance Committee. The final proposed fees for the 2020/21 audit are included within the Progress Report.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

# Audit Deliverables

2020/21 Audit-related Deliverables	Planned Date	Status
<p><b>Teachers Pensions Scheme – certification</b></p> <p>This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform. at the time of drafting this report we await workings papers from Management. This work is ongoing and we are working with the Management to complete this work as soon as possible.</p>	30 November 2021	Ongoing
<p><b>Housing Benefit Subsidy – certification</b></p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	31 January 2022	Not yet due
<p><b>Pooling of housing capital receipts - certification</b></p> <p>This is the report we submit to Ministry of Housing, Communities and Local Government based upon the mandated agreed upon procedures we are required to perform.</p>	4 February 2022	Not yet due
<p><b>2021/22 Deliverables</b></p>	Planned Date	Status
<p><b>Audit Plan – Authority and Pension Fund</b></p> <p>We are required to issue a detailed audit plan to the Audit &amp; Standards Advisory Committee setting out our proposed approach in order to give an opinion on the Authority’s 2020/21 financial statements and the Auditor’s Annual Report on the Authority’s Value for Money arrangements.</p>	March 2022	Not yet due
<p><b>Audit Findings Report – Authority and Pension Fund</b></p> <p>The Audit Findings Report was reported to the September Audit &amp; Standards Advisory Committee.</p>	September 2022	Not yet due
<p><b>Auditors Report – Authority and Pension Fund</b></p> <p>This includes the opinion on your financial statements.</p>	September 2022	Not yet due
<p><b>Auditor’s Annual Report</b></p> <p>This Report communicates the key issues arising from our Value for Money work.</p>	September 2022	Not yet due

# Final Audit Fees for 2020-21

We confirm below our final fees charged for the audit and provision of audit related services. There were no fees for the provision of non-audit related services. We would also note that PSAA and DLUCH have made a distribution of £30,320 and £79,224 respectively to support 2020/21 fees.

<b>Audit fees</b>	<b>2019-20 Final Fee</b>	<b>2020-21 Planned fee</b>	<b>* 2020-21 Final fee</b>
Scale Fee published by PSAA	£153,684	£153,684	£153,684
Raising the bar / regulatory factors	£10,000	£10,000	£10,000
Enhanced audit procedures for Property, Plant and Equipment	£9,500	£9,500	£9,500
Enhanced audit procedures for Pensions	£4,000	£4,000	£4,000
Group accounts	£4,000	£4,000	£4,000
New accounting standards	£3,000	-	-
Prior period adjustment review	-	£3,000	£3,000
Covid-19 impact (one-off) for 2019/20	£27,650	-	-
Additional work on Value for Money (VfM) under NAO Code		£26,000	£26,000
Increased audit requirements of revised ISAs		£17,000	£17,000
<b>Total audit fees (excluding VAT)</b>	<b>£211,834</b>	<b>£227,184</b>	<b>£227,184</b>
Pension Fund	£28,750	£33,000	£33,000
<b>Total audit fees (excluding VAT)</b>	<b>£240,584</b>	<b>£260,184</b>	<b>£260,184</b>

\* The final fee variation is subject to approval by PSAA.

<b>Audit related fees for other services</b>	<b>Proposed fee</b>	<b>Final fee</b>
Audit related – Housing Benefit Subsidy return	£18,000	TBC
Audit related – Pooling of Housing Capital Receipts return	£5,000	TBC
Audit related – Teachers’ Pension return	£7,500	TBC
<b>Total non-audit fees (excluding VAT)</b>	<b>£27,000</b>	<b>TBC</b>



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