

	Audit and Standards Committee 26 September 2023
	Report from the Corporate Director of Finance & Resources
	Lead Cabinet Member – Deputy Leader and Cabinet Member for Finance, Resources & Reform
Statement of Accounts 2022/23	

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Six: Appendix A - LB Brent Audit Findings Report Appendix B - LB Brent Draft Letter of Representation Appendix C - LB Brent Draft Audit Opinion Appendix D - LB Brent Pension Fund Audit Findings Report Appendix E - LB Brent Pension Fund Draft Letter of Representation Appendix F - LB Brent Pension Fund Draft Audit Opinion
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Corporate Director of Finance & Resources Minesh.Patel@Brent.gov.uk 020 8937 4043 Ben Ainsworth, Head of Finance Ben/Ainsworth@Brent.gov.uk 020 8937 1731

1.0 Executive Summary

- 1.1 The Audit Committee has responsibility for considering issues raised by the external auditors as part of the process of approving the annual statement of accounts. The basis for this consideration is the “report to those charged with governance” also referred to as the ISA260 (Audit Findings Report). The Council’s external auditors, Grant Thornton, produce the report following completion of the audit of accounts. The report is intended to identify any changes to the accounts, unadjusted mis-statements or material weaknesses in controls identified during the audit work. It also provides the findings from the value for money conclusion for the year.
- 1.2 At the time of writing this report Grant Thornton are in the process of completing the audit of the 2022/23 accounts and their ISA260 (Audit Findings Report), reflecting the current position is attached in the appendices. Based on the current position Grant Thornton intends to complete the audit of the Council and Pension Fund accounts shortly.
- 1.3 The key outstanding issue is that three local electors have made an objection to the accounts, Grant Thornton are proposing to sign off the accounts, but delay certification until the objections have been addressed.
- 1.4 Representatives from Grant Thornton will attend the meeting to provide an update on the audit and respond to any matters raised by the Committee.

2.0 Recommendations

- 2.1 The Committee is asked to review the report to those charged with Governance from Grant Thornton and:
 - consider the key issues and recommendations
 - consider the corrected audit differences
 - delegate approval of the draft letter of representation to Grant Thornton to the Corporate Director of Finance & Resources
 - note the draft audit opinion
 - note the objections to the accounts

3.0 Detail

Contribution to Borough Plan Priorities and Strategic Context

- 3.1 The statement of accounts is the formal audited accounts of the Council. The purpose of the statement of accounts is to give clear information on the Council’s overall finances and demonstrate stewardship of public money for the year. Being able to independently demonstrate that the Council’s financial affairs are sound, will ensure the Council can achieve its Borough Plan priorities and objectives.

Statement of Accounts

- 3.1 The audit of the accounts commenced in July, and under legislation should be completed by the 30th September. At the time of writing, audit fieldwork is substantially complete, and expected to be finalised in early October 2023, with the exception of the objections summarised below. To that end, an additional Audit and Standards meeting has been arranged on 12 October 2023 in order to for the committee to formally approve the accounts.
- 3.2 The ISA260 report presented to the Audit and Standards Advisory Committee sets out the anticipated results of the audit with the following key points being an unqualified audit opinion, subject to further work on the objections.
- 3.3 At the time of writing a number of adjustments to the accounts have been agreed by council officers and Grant Thornton and will be detailed by the combination of the auditor's written and verbal reports to the Audit and Standards Advisory Committee.
- 3.4 There are a number of recommendations from Grant Thornton for how the Council's processes can be improved in future years. Officers will be putting these recommendations into effect with a revised plan for closing the 2023/24 accounts.
- 3.5 The Value for Money audit work is currently underway and is expected to be completed in time for the additional Audit and Standards Committee on 12 October 2023.

Objections

- 3.6 Any local elector has the right to object to their Council's accounts. They must do so in writing to the appointed auditor (Grant Thornton for Brent Council) and in order to "accept" the objection certain minimum tests must be met, for example that the objection is not in respect of a clearly trivial item. The significant majority of all objections made nationwide are "accepted".
- 3.7 Once an objection is "accepted" it must be "determined" by the auditor. The process for this is largely at the discretion of the auditor, who must be able to obtain information, interview relevant people and so on as they see fit in order to reach a decision. Once an objection is determined it is communicated to the Objector and to the Council, typically to the Chief Executive and s151 officer.
- 3.8 There is a right of appeal to the High Court against an auditor's decision not to apply for a declaration that an item of account is contrary to law. Any such appeal must be initiated within 21 days of receipt of the determination. Although there is no right of appeal against an auditor's decision not to issue a public interest report, it is amenable to judicial review.
- 3.9 The three objections received all relate to bus lane enforcement, with a particular focus on a problem with invalid certifications issued by the Secretary of State to London boroughs. This problem was identified in 2022/23 and subsequently rectified. There is a further objection to the wording of the Penalty Charge Notice issued for bus lane enforcement.

3.10 The initial analysis of the financial position shows that the council does not receive an income which would make a material difference to the council for bus lane enforcement. The council is in the process of reviewing these objections.

3.11 We are aware that similar objections have been received by several other London boroughs as the issue with invalid certifications is London wide.

3.12 At the time of writing the auditors are not of the view that these objections will delay the sign off of the accounts, but they will not be fully certified until the objections have been addressed.

4.0 Stakeholder and ward member consultation and engagement

4.1 There are no direct considerations arising out of this report.

5.0 Financial Considerations

5.1 The hourly fees in dealing with objections are set by Public Sector Audit Appointments (PSAA, a subsidiary of the Local Government Association, which carries out the role of independently appointing auditors to local authorities) and are charged on to the council in question. In this case, the cost will depend on the number of hours spent on dealing with the objection, which can range from £59 per hour on a senior auditor to £165 per hour on a Partner/Director. As the review is ongoing the total cost of dealing with these objections is currently unknown.

6.0 Legal Considerations

6.1 There are no legal considerations arising out of this report.

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 There are no equality considerations arising out of this report.

8.0 Climate Change and Environmental Considerations

8.1 There are no climate change or environmental considerations arising out of this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no HR or property considerations arising out this report.

10.0 Communication Considerations

10.1 There are no communication considerations arising out of this report.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources