



## AUDIT COMMITTEE

18 04 2023

**Subject Heading:**

London Borough of Havering  
Provisional Audit results report &  
Havering Pension Fund  
Provisional Audit results report

**SLT Lead:**

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**Policy context:**

To inform the Committee of progress on  
the audit of the 2020/21 Draft statement of  
Accounts.

**Financial summary:**

There are no financial implications or risks  
arising directly from this report which is for  
information only.

**The subject matter of this report deals with the following Council  
Objectives**

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

**SUMMARY**

This report advises the Committee on the work undertaken by the external auditor,  
EY

**RECOMMENDATIONS**

1. To note the contents of the report.
2. To raise any issues of concern and ask specific questions of officers where required.

<b>REPORT DETAIL</b>
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## **1. Introduction**

- 1.1 The Council published its draft statement of Accounts for the financial year 2020/21 in July 2021.
- 1.2 EY presented their Audit Planning Report, at the 28 April 2021 meeting of the Audit Committee that provided an overview of our audit scope and approach for the audit of the financial statements.
- 1.3 The attached reports are the provisional Audit Results Report produced by the Council's external auditor, EY on the Council's accounts and the Council's Pension Fund accounts for 2020/21.
- 1.4 The reports are attached for Audit Committee's consideration and will be supported by a presentation from EY including an update on the progress of the audit to date and the remaining work required to complete it.
- 1.5 The following areas are set out in more detail in the attached reports

## **2 Executive Summary**

- 2.1 The Executive Summary of the EY reports sets out the revisions of the scope of the audit due to national and local issues. The scope has been amended to:

Address issues relating to Infrastructure Assets Accounting;  
Review the Council's Minimum revenue provision calculation;  
Varied changes in Materiality calculations; and  
Validated accuracy of information produced

- 2.2 Whilst EY have substantially completed the audit of the Council's financial statements for the year ended 31 March 2021. The following items relating to the completion of the audit were outstanding at the date of this report:
  - Work on Group statements and notes and Joint Ventures which cannot be concluded until the work of the specialist engaged by the Council has been completed

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- Completion of work on property, plant and equipment valuations in terms of consideration of the impact of a small number of errors on the remaining untested population
  - Review of updated grants disclosure once the Council has provided this;
  - Completion of our procedures to assess the material accuracy of the MRP calculation;
  - Clearing remaining queries on expenditure testing;
  - Resolution of £1.6 million difference on the cashflow statement,
  - Completion of review of bank reconciliations;
- 2.3 In addition to the audit work EY will employ internal quality assurance procedures and will need to finalise going concern and VFM assessments and agree all final amendments to the financial statements before producing the final report.
- 2.4 The attached report sets out the various areas of audit focus and preliminary inclusions, and outstanding area relating to the Council's Group Financial statements and MRP calculations.
- 2.5 An area of further work relates to EY's Going Concern assessment which will need to take account to the Council's current financial position and Medium Term Financial Strategy i.e. it is not limited to the position as at 31<sup>st</sup> March 2021.
- 2.6 EY's report also identify a number of areas that they wish to bring to the attention of the Audit committee, with regard to the control environment.
- 2.7 Following the conclusion of the 2020/21 audit, senior officers will work with EY to prepare a lessons learned exercise for deployment in preparation for the 2021/22 audit and the production of the 2022/23 draft Statement of Accounts.
- 3 Pension Fund
- 3.1 The audit work in respect of the Pension Fund 2020/21 audit is substantially complete.
- 3.2 However EY are unable to issue the audit opinion on the Pension Fund's financial statements until the audit of the administering authority's (London Borough of Havering) financial statements is complete, as the Pension Fund Accounts form part of the London Borough of Havering accounts and therefore the two opinions need to be issued concurrently.
- 3.3 There are no other matters of significance to bring to the attention of the Audit Committee.

**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

There are none arising directly from this report which is for noting and/or providing an opportunity for questions to be raised.

**Climate Change implications and risks:**

None arising directly from this report. Risks around this are reflected in the Corporate Risk Register and incorporated into the scope of audits where relevant.

**Legal implications and risks:**

None arising directly from this report.

**Human Resources implications and risks:**

None arising directly from this report.

**Equalities implications and risks:**

None arising directly from this report.