



**Havering**  
LONDON BOROUGH

## AUDIT COMMITTEE

**14<sup>th</sup> May 2024**

**Subject Heading:**

Annual Statement of Accounts 2020/21 & External Audit Reports To Those Charged With Governance

**SLT Lead:**

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**Policy context:**

Audit Committee responsible for approving accounts

**Financial summary:**

There are no financial implications arising directly from this report.

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

People - Things that matter for residents

Place - A great place to live, work and enjoy

Resources - A well run Council that delivers for People and Place - X

### **SUMMARY**

The Council's audited Statement of Accounts is required to be published following the conclusion of the external audit. The draft accounts were published on the Council website on 27 July 2021. This report presents the audited 2020/21 Statement of Accounts, the 2020/21 External Audit Results Reports for Havering Council and Havering Pension Fund, and the 2020/21 Annual Governance Statement.

The External Audit Results Reports includes recommendations to those charged with governance.

**RECOMMENDATIONS**

The Committee is asked to:

1. Consider the contents of this report and the Statement of Accounts (Appendix A), alongside the External Audit Results Reports (Appendix B) and any verbal updates by the External Auditor under the agenda item, following their examination of the Council's accounts.
2. **Approve** the audited Statement of Accounts for the financial year ended 31st March 2021, and to delegate authority to the Section 151 Officer in consultation with the Chair of the Audit Committee to approve any further audit adjustments that might arise before release of the audit opinions.
3. **Approve** the draft Letters of Management Representation (included in the ARR) for Havering Council and Havering Pension Fund, and to delegate authority to the Section 151 Officer and Chair of the Audit Committee to sign on behalf of the organisation once the audit opinions are provided by the auditor.
4. **Approve** the audited 2020/21 Annual Governance Statement (Appendix C), signed by the former Leader and the Chief Executive confirming the governance arrangements that were in place during 2020/21.

**REPORT DETAIL**

**1. Introduction**

The Council is required to prepare annual financial accounts covering the period from 1 April to 31 March. These accounts are required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The Accounts and Audit Regulations 2015 require that the authority prepare and publish its approved draft and audited accounts by 31 May and 31 July respectively however, due to disruption caused by the COVID 19 pandemic, legislation was passed in 2021 to delay the statutory publication date until 31 July 2021 and the audit opinion until the 30 September 2021.

Despite the council publishing the draft accounts before the deadline of 31 July 2021 the statutory deadline of 30 September 2021 for publishing audited accounts was not met. This was, in part, due to the sector wide audit issues and delays. Audits were affected by a variety of pressures including the impact of COVID-19, additional audit requirements in the revised NAO Code of Audit Practice 2020, retention of experienced staff and increased regulatory focus, especially in relation to infrastructure assets. Only 9% of audit opinions for 2020/21 accounts were issued by the revised target date of 30 September 2021.

## **2. Statement of Accounts 2020/21 and Audit Results Reports**

The Council published its draft accounts on its website on 27 July 2021. These were approved for issue by the then Chief Operating and Section 151 Officer and presented to the Audit Committee on 28 October 2021.

Between Monday 2 August 2021 and Monday 13 September 2021 the Statement of Accounts and supporting documentation were made available for public inspection. The relevant statutory public notice was published on the Council's website.

The audited Statement of Accounts for the year ended 31 March 2021 are appended to this report at Appendix A. The Auditor's draft Audit Results Reports for 2020/21, for both the council and the pension fund, are shown in Appendix B. The Auditor will attend the Audit Committee meeting to present their findings and also update the Committee on its assessment of going concern and value for money.

Whilst the audit is not 100% complete, at the time of writing it is substantially complete subject to quality assurance work and review. It is anticipated that the final audit opinions will be issued soon after the Audit Committee meeting on 14 May 2024. The final opinion cannot be issued until Ernst and Young (EY) have completed their assessment of the Council's updated going concern response. Due to the current financial situation and recent request to the Department for Levelling Up, Housing and Communities for a Capitalisation Direction, EY will now have to undertake additional testing to provide assurance of the Council's going concern position. Delegated authority is sought to allow the Section 151 Officer in consultation with the Chair of the Audit Committee to approve any further audit adjustments required prior to issuing the opinion.

The Statement of Accounts (including the Pension Fund) is expected to receive an unqualified final audit opinion from the Council's auditors, Ernst and Young LLP.

The audited 2020/21 Statement of Accounts and Annual Governance Statement will be published at the earliest opportunity following the issue of the audit opinions.

It is a requirement of the International Auditing Standards for the Auditors to request a letter from the Council that sets out management representations for the main accounts and the Pension Fund. The Audit Results Report includes drafts of these letters that will be signed on behalf of the organisation by the Council's Section 151 Officer and Chair of the Audit Committee.

## **3. Annual Governance Statement 2020/21**

The Annual Governance Statement 2020/21 is attached at appendix C. It was approved by the Leader and Chief Executive of the Council on 30 July 2021. Under the Accounts and Audit Regulations 2015 publication of the annual governance statement follows the same timetable as the financial statements.

In February 2024, recognising that many authorities have at least one set of unaudited financial statements for prior years, as a result of delays completing local audits, CIPFA issued guidance to affected local authorities in England on the publication of the annual governance statement.

The Annual Governance Statement 2020/21 has been audited and the committee are asked to approve it in accordance with the regulations.

## IMPLICATIONS AND RISKS

### **Financial implications and risks:**

There are no direct financial implications arising from this report.

### **Legal implications and risks:**

There are no legal implications arising from this report other than those referenced within the body of the report.

### **Human Resources implications and risks:**

There are no direct Human Resources implications in this report.

### **Equalities implications and risks:**

There are no direct equalities implications in this report.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

### **Climate Change implications and risks:**

None arising directly from this report.