

Report to: Audit and Standard Committee

Date: 20 March 2023

Title: The External Auditor's (Deloitte) progress report on the draft 2019/20 Statement of Accounts

Report of: Director of Finance and Performance (Chief Finance Officer – S151 Officer)

Ward(s): All

Purpose of report: To review the Independent Auditor's (Deloitte) status report to those charged with governance regarding the draft 2019/20 Statement of Accounts.

Officer recommendation(s): The Committee is recommended to:

1. Note the Independent Auditor's (Deloitte) progress report to those charged with governance on LDC Accounts, and the Value for Money conclusion report.
2. Delegate authority to the Chair in consultation with the Director of Finance and Performance (Chief Finance Officer – S151 Officer) to sign-off the audited LDC 2019/20 Statement of Accounts.
3. Authorise the Director of Finance and Performance (Chief Finance Officer – S151 Officer) to sign the formal Letter of Representation to Deloitte.

Reasons for recommendations: The Council is required to produce an annual Statement of Accounts in line with the Accounts and Audit Regulations.

Contact Officer: Name: Ola Owolabi
Post title: Deputy Chief Finance Officer
E-mail: ola.owolabi@lewes-eastbourne.gov.uk
Telephone number: 01273 415083

1 Introduction

1.1 This report summarises few areas where the audit work is on-going and the key findings (Appendix A) arising from Deloitte final audit work in relation to the Council's 2019/20 financial statements, and on the Council's arrangements to secure economy, efficiency, and effectiveness in its use of resources ('VFM conclusion').

- 1.2 The delayed final audit is now nearing completion, and disappointing that the previously agreed revised completion deadlines were missed. However, this is presenting the Council with a significant and serious risk of the existing auditors (Deloitte) not being in the position to hand over the final audit function to Grant Thornton LLP, i.e., the Council's newly appointed auditors and in doing so, the build-up of unaudited accounts might continue.
- 1.3 The Committee is also reminded that every day delayed comes at a cost, financial cost, reputational cost, and governance cost. Taking into consideration the Council's Pre-election period and Local Elections, it could be that the next opportunity for the Committee to approve the 2019/20 accounts will be no sooner than July 2023, should the Committee decide not to accept the recommendations included in this report.
- 1.4 **Projected completion dates** - The following are the projected completion dates for the Lewes District Council audit:
- **FY 2019/20 - Scheduled date of completion is 28 April 2023.**
 - FY 2020/21 - Scheduled date of completion is 29 September 2023.
 - FY 2021/22 - Scheduled date of completion is 31 January 2024.
 - FY 2022/23 - Scheduled date of completion is 30 May 2024.

2 2019/20 Statement of Accounts

- 2.1 Under its terms of reference, it is the role of this Committee to review/approve the annual statement of accounts and the external auditor's report to those charged with governance, having considered whether appropriate accounting policies have been followed, and any issues raised by Deloitte from the audit of the accounts.
- 2.2 The auditors envisage issuing an unqualified audit opinion on the 2019/20 Council's financial statements subject to the completion of a number of areas where audit work is on-going, which include:
- Completion of procedures on housing property valuations.
 - Completion of testing over housing benefit, grants, council tax, and NNDR income.
 - Completion of quality assurance review procedures, including on the updated statement of accounts.
- 2.3 Deloitte has also completed the review of the arrangements made by the Council to secure economy, efficiency, and effectiveness in the use of resources (Value for Money - VFM) and did not identify any significant VFM risks in 2019/20. Deloitte is satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020, and did not feel it necessary to report on any particular points on value for money issues.

Letter of Representation 2019-20

- 2.4 Each year, on completion of the audit of the Council's Financial Statements, the Director of Finance and Performance (Chief Finance Officer – S151 Officer) is required to submit a Letter of Representation to the Council's external auditor. The letter formally and publicly confirms the accuracy and completeness of the presented Statement of Accounts.
- 2.5 On receipt of the signed Letter of Representation, the Council's external auditor will formally issue an opinion on the Financial Statements.

3 Corporate plan and council policies

- 3.1 Considered as part of the overall Accounts and Audit Regulations requirement and the timescales.

4 Financial appraisal

- 4.1 There are no direct financial considerations arising from this report.

5 Legal implications

- 5.1 Comment from the Legal Services Team is not necessary for this routine monitoring report. The Accounts and Audit (England) Regulations requires the Statement of Accounts to be considered and approved by way of a committee resolution and thereafter published.

6 Risk management implications

- 6.1 There are no implications arising from this report.

7 Equality analysis

- 7.1 Equality issues are considered.

8 Appendix

- 8.1 Appendix A - The Lewes District Council update report to the Audit and Standard Committee on the 2019/20 Statement of Accounts audit status.

9 Background papers

- 9.1 None.