

Report No.  
FSD23046

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Date:** **Tuesday 4<sup>th</sup> July 2023**

**Decision Type:** Non-Urgent                      Non-Executive                      Non-Key

**Title:** **2019/20 EXTERNAL AUDIT REPORTS**

**Contact Officer:** James Mullender, Head of Corporate Finance and Accounting  
Tel: 020 8313 4196    E-mail: [james.mullender@bromley.gov.uk](mailto:james.mullender@bromley.gov.uk)

**Chief Officer:** Peter Turner, Director of Finance  
Tel: 020 8313 4668    E-mail: [peter.turner@bromley.gov.uk](mailto:peter.turner@bromley.gov.uk)

**Ward:** Borough Wide

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1. Reason for report

- 1.1 Following conclusion of the audit of the 2019/20 accounts, this report provides the auditors reports and an update on production of the draft accounts for subsequent financial years.
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2. **RECOMMENDATION(S)**

- 2.1 **The Committee is requested to note the contents of this report.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report
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### Corporate Policy

1. Policy Status: Existing Policy
  2. Making Bromley Even Better Priority: Managing our resources well
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### Financial

1. Cost of proposal: Not Applicable
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: External Audit
  4. Total current budget for this head: £432k
  5. Source of funding: Not Applicable
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### Personnel

1. Number of staff (current and additional): Not Applicable
  2. If from existing staff resources, number of staff hours: Not applicable
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### Legal

1. Legal Requirement: Statutory Requirement – The report concerns the statutory requirements required by the Local Audit and Accountability Act 2014
  2. Call-in: Not Applicable
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### Procurement

1. Summary of Procurement Implications: The report contains recommendations that may, at some point in the future, alter the mechanism by which the Council procures its external auditor.
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not applicable
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Council Wide

### **3. COMMENTARY**

#### **Background**

- 3.1 As Members will be aware from previous reports to the Audit and Risk Management Committee, completion of the audit of the 2019/20 accounts was subject to significant delays due to a number of factors, primarily related to issues with the valuations of land and buildings.
- 3.2 The audit is now complete and Ernst & Young's (EY) audit reports for the main Council accounts, Pension Fund accounts and related consistency statement are appended to this report.
- 3.3 In summary, the reports state that the accounts give a true and fair view and have been properly prepared, and that the auditors have nothing to report with regard to going concern, other information in the accounts or other specific items which they would report on by exception.
- 3.4 However, as noted in the reports, the final audit certificate cannot be issued for the 2019/20 accounts until the objection to the 2018/19 objection to the accounts has been concluded.
- 3.5 The audited accounts have been published on the Council's website at the link below:

<https://www.bromley.gov.uk/downloads/file/2084/lb-bromley-statement-of-accounts-2019-20>

#### **2020/21 accounts and future years**

- 3.6 Although a significant amount of work has been undertaken on the 2020/21 and 2021/22 draft accounts, a considerable amount of work is still required to complete them to reflect the changes made as part of the 2019/20 accounts and to ensure other issues identified by EY during the audit have been reflected.
- 3.7 As a result of this backlog, whilst key staff are working on the initial draft of the 2022/23 accounts, an experienced interim has been brought in to review and update the 2020/21 and 2021/22 accounts.
- 3.8 At the time of writing, it is expected that the 2020/21 draft accounts will be published on the Council's website and available for public inspection by mid-July, and work will then commence on updating the 2021/22 accounts.
- 3.9 EY undertook some initial fieldwork for their audit of the 2020/21 accounts in March and April 2023 and are expected to recommence the audit in July following completion of health authority audits.
- 3.10 An update on the audit of the 2020/21 accounts and progress on producing the draft 2021/22 and 2022/23 accounts will be provided to future meetings of this Committee.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 Fees are discussed agreed annually with the external auditor to cover the cost of their annual audit activity. The base audit fee is set by PSAA and then varied locally depending on various risk factors.

## 5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications. This report focuses on the arrangements for local authority financial reporting and auditing put in place by the Local Audit and Accountability Act 2014.

<p><b>Non-Applicable Sections:</b></p>	<p>Impact on Vulnerable Adults and Children Policy, Procurement Implications and Personnel Implications.</p>
<p>Background Documents: (Access via Contact Officer)</p>	<p>Reports to Audit and Risk Management Committee:</p> <ul style="list-style-type: none"> <li>• ‘LBB Draft Audit Results Report-Year Ended 31<sup>st</sup> March 2020’ – 8<sup>th</sup> March 2023</li> <li>• ‘E&amp;Y Audit Briefing Paper’ – 2<sup>nd</sup> November 2022</li> <li>• ‘External Audit and Financial Reporting Update’ – 30<sup>th</sup> June 2022</li> </ul> <p>Reports to General Purposes and Licensing Committee:</p> <ul style="list-style-type: none"> <li>• ‘Appointment of the External Auditor’ – 8<sup>th</sup> February 2022</li> <li>• ‘Draft Audit Results Report 2019/20 Update’ – 8<sup>th</sup> February 2022</li> <li>• ‘EY Briefing Paper’ - 30<sup>th</sup> November 2021</li> <li>• ‘Audit of the 2019/20 Financial Statements’ – 6<sup>th</sup> July 2021</li> <li>• ‘Audit of the Financial Statements 2019/20’ – 25<sup>th</sup> November 2020</li> <li>• ‘Redmond Review of Local Authority Financial Reporting and External Audit’ - 25<sup>th</sup> November 2020</li> </ul> <p>Local Audit and Accountability Act 2014. Redmond Review of Local Authority Financial Reporting and External Audit – <i>published by MHCLG on 8<sup>th</sup> September 2020.</i></p> <p>Local authority financial reporting and external audit: government response to the Redmond review – <i>published by MHCLG on 17<sup>th</sup> December 2020.</i></p> <p>Local authority accounts: A guide to your rights – <i>published by the National Audit Office during August 2021</i></p>