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Olga Bennet  
Interim Executive Director of Resources (s151 Officer)  
London Borough of Enfield  
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17 October 2024

Dear Olga,

#### Local audit backlog

You will be aware that the Government has put arrangements in place to clear the backlog of outstanding historical audit opinions. On 9 September 2024, the Government laid in Parliament a Statutory Instrument, *'The Accounts and Audit (Amendment) Regulations 2024'*, which introduces backstop dates by which point local bodies must publish audited accounts. The Government, on behalf of the Comptroller and Auditor General (C&AG) has also laid a revised *'Code of Audit Practice 2024'*, that requires auditors to give their opinion in time to enable local bodies to comply with the backstop date.

The backstop date for historical audit opinions up to and including financial year 2022/23 is 13 December 2024. Further details on the Government's backstop arrangements are set out in the Financial Reporting Council's Accessible Guide *'Local Audit Backlog Rebuilding Assurance'*, a copy of which is included with this letter. Also included is a copy of a recent letter from Catherine Frances, Director General for Local Government and Public Services, which provides an update on actions being taken to tackle the local audit backlog.

The purpose of this letter is to set out our plans for helping you to comply with the Government's backstop arrangements, which includes the actions we need you to take to help ensure that the backstop date is met.

I would be grateful if you could share this letter, the Financial Reporting Council's Accessible Guide *'Local Audit Backlog Rebuilding Assurance'* and the letter from Catherine Frances with members of the General Purposes Committee. Appendix 1 to this letter covers actions required by the London Borough of Enfield, while Appendix 2 cover actions we are required to take.

If you have any queries in respect of this letter, please do not hesitate to contact me.

Yours sincerely

Ciaran McLaughlin  
Partner  
For and on behalf of BDO LLP



## Appendix 1

### Actions required by the London Borough of Enfield

Prior to publication of the final signed financial statements for each outstanding year, the London Borough of Enfield needs to have:

- prepared the statement of accounts
- published the draft statement of accounts for public inspection and completed the 30-working day public inspection period; and
- approved the statement of accounts.

The Accounts and Audit Regulations 2015 state that the responsible financial officer (RFO) must:

- sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of
  - the financial position of the authority at the end of the financial year to which it relates, and
  - that authority's income and expenditure for that financial year
- commence the period for the exercise of public rights, and
- notify the local auditor of the date on which that period was so commenced.

Following the conclusion of the period for the exercise of public rights, a local authority must:

- consider, either by way of a committee or by the members meeting as a whole, the statement of accounts
- approve the statement of accounts by a resolution of that committee or meeting
- ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.

The RFO must then re-confirm that they are satisfied that the statement of accounts presents a true and fair view of:

- the financial position of the authority at the end of the financial year to which it relates, and
- that authority's income and expenditure for that financial year,

before the local authority approves the statement of accounts.

The attached letter from Catherine Frances, Director General for Local Government and Public Services, states:

*"It should not be necessary for the audit of the previous year's accounts to be completed for Section 151 Officers to comply with their responsibilities to certify that the unaudited accounts show a true and fair view, as local bodies should have sufficient internal controls and processes for the Section 151 Officer to obtain this assurance. It is a legislative requirement for bodies to publish unaudited accounts. If bodies feel they are in a position where they will not be able to do this ahead of the backstop, following engagement with their auditor, they should contact the Department or their relevant sponsor department at the earliest opportunity".*

If you feel unable to certify that unaudited accounts show a true and fair view, we ask that you raise this with ourselves, and subsequently with the Ministry of Housing, Communities and Local Government or relevant sponsor department, as soon as possible.



***Presentation of reports to the General Purposes Committee***

We need to present a combined Audit Planning Report and Audit Completion Report for 2020/21, 2021/22 and 2022/23 to the General Purposes Committee prior to issuing our outstanding opinions on the financial statements.

Given the requirement for audited accounts to be published by 13 December, many local authorities will be arranging audit committee meetings, or equivalent, in the weeks leading up to this date so that they can approve their accounts and receive reports from their external auditors. We therefore ask that you liaise with us in respect of the timing of your General Purposes Committee meeting so that we can ensure there is not a scheduling clash with similar meetings we are required to attend at other local authorities.



## Appendix 2

### Actions required by the auditor

#### *Audit of the financial statements*

The table below summarises the status of incomplete audits for the London Borough of Enfield for financial years up to and including 2022/23, plus the type of opinion we currently expect to give.

Financial year	Status of the audit (main accounts)	Expected type of opinion*
2019/20	<i>Substantively complete pending resolution of remaining matters as reported to 10<sup>th</sup> September General Purposes Committee. Disclaimer opinion on the basis of the backstop date is proposed, due to the number of areas where uncertainty in the reported financial position exists and the pervasive nature of those uncertainties.</i>	<i>Adverse/Disclaimer</i>
2020/21	<i>Draft financial statements received. Audit was previously started but will not be complete before the backstop date</i>	<i>Disclaimer</i>
2021/22	<i>Draft financial statements received</i>	<i>Disclaimer</i>
2022/23	<i>Draft financial statements received</i>	<i>Disclaimer</i>

Financial year	Status of the pension fund audit	Expected type of opinion*
2019/20	<i>Substantively complete pending resolution of remaining matters as reported to 10<sup>th</sup> September General Purposes Committee.</i>	<i>Qualified/Disclaimer</i>
2020/21	<i>Draft financial statements received. Audit was previously started but will not be complete before the backstop date</i>	<i>Disclaimer</i>
2021/22	<i>Draft financial statements received</i>	<i>Disclaimer</i>
2022/23	<i>Draft financial statements received</i>	<i>Disclaimer</i>

\* An explanation of qualified and disclaimers of opinion is provided in paragraphs 15 and 16 in the Financial Reporting Council's Accessible Guide 'Local Audit Backlog Rebuilding Assurance'

#### **Minimum allowable audit procedures**

To help auditors meet the Government's requirements in respect of the backstop, the National Audit Office has published a package of Local Authority Reset and Recovery Implementation Guidance (LARRIGs), which have been endorsed by the Financial Reporting Council. We have given careful consideration to these LARRIGs when determining what audit procedures we need to perform before issuing a disclaimer of opinion on the London Borough of Enfield's financial statements. These procedures include, but are not limited to:

- evidencing our independence
- confirming engagement acceptance and continuance
- determining the scope of the audit
- determining materiality
- formulating an overall audit strategy



- responding to actual or suspected non-compliance with laws and regulations
- reviewing minutes of meetings of key Committees (Council, General Purposes Committee)
- agreeing opening balances and comparative figures to prior year financial statements
- checking financial statements for internal consistency and arithmetic accuracy
- evaluating any misstatements identified
- drafting a combined Audit Planning Report and Audit Completion Report and presenting it to the General Purposes Committee when arranged.

**Value for money arrangements**

Prior to giving an opinion on the financial statements, we either need to have completed our work in respect of the London Borough of Enfield’s value for money arrangements or have determined that any remaining work will not have a material impact on the financial statements. The table below summarises the status of incomplete value for money work for the London Borough of Enfield for financial years up to and including 2022/23, the conclusion we currently expect to reach and the planned output from our work. The revised Code of Audit Practice 2024 that has been laid in Parliament allows auditors to issue a combined commentary on value for money arrangements for incomplete audits up to and including 2022/23. We therefore intend to issue a combined commentary for 2020/21, 2021/22 and 2022/23. The identification and reporting of any significant weaknesses continues to be assessed on a year-by-year basis.

Financial year	Status of value for money work	Expected conclusion/consideration of significant weakness	Output*
2019/20	Work complete	Adverse conclusion as advised the GPC on 10 September 2024	Conclusion on value for money arrangements
2020/21	Work in progress	In common with most local authorities risks of significant weakness have emerged over the period in relation to financial sustainability, especially in areas of capital development, SEND spend and the financial performance of commercial subsidiaries. Our work in these areas will be completed in early November 2024.	Commentary on value for money arrangements and reporting of any significant weaknesses identified
2021/22	Work in progress	As above	Commentary on value for money arrangements and reporting of any significant weaknesses identified
2022/23	Work in progress	As above	Commentary on value for money arrangements and reporting of any



			<i>significant weaknesses identified</i>
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*\* Audits prior to 2020/21 were performed under the Code of Audit Practice 2015, which required a different approach to value for money work than is required for 2020/21 audits onwards*

**Commented [ST1]:** Delete this wording if only audits from 20/21 onwards are included in the table above. Where this is the case, also delete the \* in the 'Output' table heading above