

London Borough of Enfield

General Purposes Committee

14 October 2021

Subject: Audit of the 2019/20 Statement of Accounts

Cabinet Member: Cllr. Maguire

Executive Director: Fay Hammond

Key Decision:

Purpose of Report

1. This Report presents the 2019/20 Statement of Accounts for approval following BDO finalisation of the 2019/20 External Audit and it also sets out the changes since the previous report to General Purposes Committee on the 30 June 2021.

Proposals

2. General Purposes Committee is recommended to:
3. Approve the 2019/20 Statement of Accounts
4. Delegate any final minor changes to disclosures or wording to the statutory Section 151 Officer, Executive Director of Resources in liaison with the Chair of the Committee.
5. Note that officers will prepare a comprehensive response to the issues raised in BDO's Audit Completion Report.

Reason for Proposals

6. General Purposes Committee is responsible for approving the final set of Accounts.

Relevance to the Council's Corporate Plan

7. The Council's Plan is delivered through resilient finances, the external Audit is a process of testing and challenging to ensure the Accounts present a true and fair view of the Council's financial position.

Background & Progress to Date

8. Enfield made a number of significant improvements its 2019/20 accounts including a comprehensive review of the approach to valuing HRA properties and the implementation of the CIPFA Fixed Asset Register. However, resourcing challenges have led to a protracted audit of the accounts.
9. BDO paused their work to undertake Health work at the end of June. Since their return, the BDO team has focussed on the review of Property, Plant &

Equipment and Valuations. Their work has then concluded on the Group accounts.

10. The Council has responded to numerous review points. Major queries such as the Assets Under Construction and Gross Internal Area reviews have taken a week or more to clear from the Council side as it involves officers outside Corporate Finance and external input. Minor queries have generally been closed within a couple of days.
11. Changes to the Accounts include:
 - 29 Properties were identified as missing from the Asset Register as they were contained within Assets Under Construction.
 - Assets Under Construction with respect to Council Housing was written out as it was recognised that these assets had indeed become operational and thus costs were double counted.
 - The previous treatment of aerals as investment properties has been challenged and they have been moved to Long Term Debtors, as the assets are not the aerals but the access rights or wayleave.
 - Civic Centre Property Data was incorrect for 2019/20 and this prompted a valuation upwards.
12. Group Account review is underway, and members will be updated at the meeting regarding any changes. A change has been made in the interim on the treatment of IWE's Pension Reserve as it was recognised that this had always been part of the Council's own reserves and liabilities since conception.
13. The process has revealed the need to review the process for Property based queries (both General Fund and HRA) and that there is more work to meet the 48-hour turn around policy for basic queries
14. The Council's property data is being reviewed and challenged each time there is a new valuation, as this was a new requirement in the 2019/20 Valuation Commissioning documents, but this means past valuations also need reviewing, in case floor areas are determined to be incorrect. However, new CAD diagrams as noted previously will not immediately be available although a budget was allocated in the Capital Programme to fund this work.
15. Any changes to the Accounts immediately feed through into the 2020/21 Accounts.

Technical Review

16. Even as the first level of queries and manager review is all but complete at the timing of this report writing, the Partner and technical review may still result in further audit challenges or clarifications. Nonetheless, barring something new being identified, no fundamental changes are expected from this Statement of Accounts, although minor changes to disclosures and narrative improvements remain a possibility.

Response to issues raised in BDO's Audit Closure Report

17. BDO's Audit Closure Report is also on the agenda for this meeting of the GPC. Pages 63 to 68 cover deficiencies identified from the audit of the

2019/20 Accounts and from prior years. There are initial management responses to these issues but a more comprehensive response is being finalised. In addition to the management actions in the ISA260 a Finance Improvement Board has been established. This is being chaired by the Executive Director Resources which is driving through a number of improvements across finance as well as ensuring delivery of the ISA260 actions.

18. **Safeguarding Implications**

19. None in the context of this report.

20. **Public Health Implications**

21. None besides the impact of managing the Audit during a Pandemic.

22. **Equalities Impact of the Proposal**

23. None in the context of this report.

24. **Environmental and Climate Change Considerations**

25. None in the context of this report.

26. **Risks that may arise if the proposed decision and related work is not taken**

27. None in the context of this report.

28. **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

29. None in the context of this report.

30. **Financial Implications**

31. There are no direct financial implications beyond that an unqualified set of Accounts demonstrates that the Council is a 'going concern' and that any audit changes may materially affect the underlying net worth of the entity.

32. **Legal Implications**

33. The responsibilities for the framework within which local authority audits are conducted is the Local Audit and Accountability Act 2014. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the 2014 Act. Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. A Code of Audit Practice came into force on 1 April 2020, after being approved by Parliament. The new Code applies to audits of local bodies' 2020-21 financial statements onwards: The detailed statutory Auditor Guidance Notes (AGNs) that will support the new Code are being drafted.

34. **Workforce Implications**

35. None in the context of this report.

36. **Property Implications**

37. None in the context of this report.

38. **Other Implications**

39. None in the context of this report.

40. **Options Considered**

41. Not relevant in the context of this report.

42. **Conclusions**

43. The work on the 2019/20 is concluded and whilst this has been over an extended period impacted by resourcing challenges, the improvements on the Fixed Asset Register and the approach to valuations put the Council in a much stronger position going forward.

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Appendices

2019/20 Statement of Accounts

Background Papers

GPC 30 June 2021: Update on the Council's and Pension Fund External Audit for 2019/20 and Progress on 2020/21

GPC 22 April 2021: Statement of Accounts 2019/20