

**Report for:** **GOVERNANCE, AUDIT,  
RISK MANAGEMENT  
AND STANDARDS  
COMMITTEE**

---

**Date of Meeting:** 15 July 2024

**Subject:** **INFORMATION REPORT**  
Audit Progress Report 2022/23 and  
2023/24

**Responsible Officer:** Sharon Daniels, Director of Finance  
and Assurance

**Exempt:** No

**Wards affected:** All

**Enclosures:** Appendix 1 - Audit Progress Report  
2022/23  
Appendix 2 -LBH Indicative Audit  
Strategy Memorandum 2023/24  
Appendix 3 - LBH Pension Fund  
Indicative Audit Strategy  
Memorandum 2023/24

## **Section 1 – Summary and Recommendations**

This report provides the Committee with an update on the progress of the 2022/23 external audit and provides the audit plan for 2023/24

### **Recommendations:**

The Committee is requested to:

1. Note the attached Audit Progress Report 2022/23 for the Council
2. Note the attached indicative Audit strategy Memorandum 2023/24 for both the Council and The Pension Fund.

## **Section 2 – Report**

### **Background**

#### Audit Progress Report 2022/23 (Appendix 1)

1. This Audit Progress report 2022/23 (Appendix 1) has been prepared to communicate the progress made with auditing the Council's statement of accounts for the year ending 31 March 2023.
2. The Accounts and Audit (England) Regulations 2015, require Local Authorities to prepare Statement of Accounts in accordance with proper practices. The draft Statement of Accounts should have been published by 31st May 2023 with the audited version being published by 30 September 2023.
3. Due to the protracted nature of the 2021/22 audit and subsequent audit adjustments required together with delays in receiving the valuation of our non current assets for 2022/23, the 2022/23 draft accounts were published in January 2024.
4. The external auditors had commenced their audit with an intention of completing it by 30 September 2024. However, the general elections mean that the backstop proposals will not be taking effect on 30<sup>th</sup> September. The auditors have now proposed to complete the audit by end of October 2024.

#### **Audit update for the Council:**

- a) Section 1 of Appendix 1 shows the proposed audit timeline as well as their assessment of significant risks.
- b) The auditors identified a high risk relating to the significant increase in valuation of operational land. We have worked with our valuers and the concerns have been addressed with revised valuations being given to us. The auditors are now reviewing a sample of the revised valuations.

- c) The auditors have requested for an updated set of accounts based on the accepted amendments to the valuation of non current assets. However, it is the Council's intention to put these changes through our ledger once the audit work is substantially complete, so that we can make all accepted changes to the Statement of Accounts in one go.
- d) We have provided the required evidence for a majority of samples selected by the auditors across the board.
- e) Section 2 of the audit progress report provides the Value For Money update.
- f) As of now, the auditors have not identified any significant weaknesses in the Council's arrangements.

### Indicative Audit Strategy Memorandum (Appendices 2 & 3)

- 5. These are indicative as planning work for 2023/24 audit has not yet commenced.
- 6. Section 4 notes the significant risks and key judgement areas that will be considered.
- 7. The Committee is asked to consider the progress made and the delay in the completion of the audit.

## **Legal Implications**

There are no direct legal implications arising from this report.

## **Financial Implications**

### 2022/23 Audit Fees

The scale fees for the audit for 2022-23 are £116k and £16k for the main audit and pension fund audits respectively (Appendix A of the Audit Progress Report 2022/23). There will be additional fees charged which have not been finalised yet, for recurring work around VFM and audit standard updates, largely in relation to property valuations and pensions. These do not reflect any Council specific issues and range between £24k to £45k for the main audit and £13k to £17k for the Pension Fund audit. There will also be additional non-recurring fees in relation to further VFM work, specific to the London Borough of Harrow, because of the requirement to follow-up on prior year recommendations. If any further issues are encountered during the audit, additional fees will be adjusted to reflect these.

### 2023/24 Audit Fees

The scale fees for 2023-24 are £392k and £75k for the main audit and pension fund audits respectively. There may be additional non-recurring fees as in previous years and range between £25k to £55k for the main audit and £15k to 24k for the Pension Fund

## **Risk Management Implications**

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No**

The relevant risks contained in the register are attached/summarised below. **n/a**

## **Equalities implications / Public Sector Equality Duty**

Considering the Council's Public Sector Equality Duties under the Equality Act 2010, s.149, is integral to the decision-making process.

Was an Equality Impact Assessment carried out? **No**

There are no direct equalities implications.

## **Council Priorities**

The external audit provides assurance that the Council has managed its finances and delivered value for money in accordance with all the Council's priorities.

## **Section 3 - Statutory Officer Clearance**

### **Statutory Officer:**

Signed by the Director of Finance and Assurance

Sharon Daniels

**Date: 4 July 2024**

### **Statutory Officer:**

Signed on behalf of the Monitoring Officer

Caroline Eccles

**Date: 04 July 2024**

**Chief Officer:**

Signed by the Director of Finance and Assurance

Sharon Daniels

**Date: 4 July 2024**

## **Mandatory Checks**

Ward Councillors notified: NO, as it impacts on all Wards

## **Section 4 - Contact Details and Background Papers**

**Contact:** Purvi Shah (Interim Chief Accountant)  
Email: purvi.shah@harrow.gov.uk

### **Background Papers:**

1. Audit Progress Report 2022/23
2. Indicative Audit Strategy Memorandum 2023/24 for LBH
3. Indicative Audit Strategy Memorandum 2023/24 LBH Pension Fund

If appropriate, does the report include the following considerations?

- |                |    |
|----------------|----|
| 1 Consultation | No |
| 2 Priorities   | No |