

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: External Audit completion for 2021-22	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Audit and Corporate Governance Committee	DATE: 5 December 2024
<p>SUMMARY OF REPORT: This report presents to the Audit and Corporate Governance Committee the audit completion letter from the external auditor, Forvis Mazars, for the 2021/22 financial year.</p> <p>LOCAL GOVERNMENT ACT 1972 – ACCESS TO INFORMATION No documents that require listing have been used in the preparation of this report.</p> <p>CONTACT OFFICER: Peter Taylor Financial Reporting Manager 5 Pancras Square London N1C 4AG Telephone: 020 7974 6378 peter.taylor@camden.gov.uk</p>	
<p>RECOMMENDATIONS</p> <p>The Committee is asked to note the Audit Completion Letter from Forvis Mazars following completion of the audits of the 2021/22 financial year.</p>	
<p>SIGNED: Approved by Director of Finance</p> <p>DATE: 25 November 2024</p>	

1. Purpose of Report

- 1.1. The London Borough of Camden's external auditors, Forvis Mazars, are required to issue an Annual Audit Letter which summarises the important issues arising from the audit of the council following completion of the audit of each financial year.
- 1.2. Within its terms of reference the Audit and Corporate Governance Committee has responsibility for overseeing internal and external audit, and specifically to consider the external auditor's annual letter, annual audit plans, and other relevant reports reporting to those charged with governance.
- 1.3. This report presents to the Committee the Annual Audit Letter from Forvis Mazars relating to the 2021/22 financial year for both Council and Pension Fund, following completion of these audits.

2. Background

- 2.1. Like many authorities, Camden has experienced significant delay with the audit of accounts in recent years. Camden's external auditors Forvis Mazars completed the audits of both the 2019/20 and 2020/21 accounts in March 2024, with the completion letters for both years presented to Committee at its meeting on 4 April 2024. Immediately following the conclusion of those prior years, Camden published its draft accounts for 2021/22 and Mazars commenced the 2021/22 audit.
- 2.2. At its last meeting on 26 September 2024, as the 2021/22 audit approached completion, the Committee received the draft Audit Completion Report and approved the amended 2021/22 Statement of Accounts. Delegated authority was provided to the Executive Director Corporate Services, in consultation with the Chair, to agree any further final changes required to the accounts as a result of the final audit completion process, prior to its publication.
- 2.3. Subsequent to the September Committee meeting further changes have been identified which have been agreed and incorporated into the final accounts for 2021/22. The accounts and audit opinions for the 2021/22 financial year have now been signed and published on the Council's website.

3. Audit Completion Letter

- 3.1. The external auditor issues a report of their findings with their audit opinion for both the Council and Pension Fund accounts. These opinions are then included within the Statement of Accounts and republished as the final audited Statements.
- 3.2. Simultaneously the auditor issues a signed Letter of Completion to those charged with governance confirming the conclusions they have reached, and listing any adjustments that have been incorporated into the accounts during the audit process.

- 3.3. The audit completion letter from Mazars for the 2021/22 year covering completion of both the Council and Pension Fund audits is presented in **Appendix A**.
- 3.4. The Statement of Accounts and Draft Audit Completion Reports for 2021/22 were presented to Committee at its meeting on 26 September 2024. At that point the Committee approved the Statement of Accounts and delegated authority to the Executive Director Corporate Services to agree any final amendments to the Statement as a result of the audit closure processes.
- 3.5. The audit letter for 2021/22 follows on to report final changes that were brought to light during the audit closure process, and confirms the conclusion of matters previously marked as outstanding in the draft Completion Reports.
- 3.6. Changes made to the accounts include:
- A change to the technical accounting treatment of the up-front payment of employers pension contributions. The Council made payment for the three year period 2020/21 to 2022/23 in the 2020/21 financial year. Due to its complex nature this single change impacted on a number of statements and notes, and also required a prior period adjustment.
 - Reclassification of surplus assets within Property Plant and Equipment to Assets Held for Sale. These assets have subsequently been sold.
 - Revaluation of two assets, Bloomsbury Square Car Park and Charlie Ratchford Court, held at Historic Cost in 2021/22 but revalued in 2022/23. Assets were revalued as at 31 March 2022 and adjustment made.
 - Netting down of £4.2m cash equivalents and liabilities for cash balances held on behalf of trusts.
 - Reduction of cash equivalents and creditors by £18.7m for a bank payment for payroll that was recorded as cash in transit at 31 March 2022.

None of these changes impact on the bottom line of available resources.

- 3.7. The letter also notes unadjusted misstatements where Mazars have considered items below the level of materiality that have not been corrected. These include council dwellings and other land and buildings held at historical cost which have been revalued in 2022/23, and a judgement that refundable deposits should be split between long and short term creditors depending on the conditions of each deposit.
- 3.8. In the Pension Fund there are no adjustments to the accounts, but unadjusted misstatements representing the differences between investment manager valuations and custodian valuations due to the timing and availability of data on illiquid assets.
- 3.9. The letter subsequently presents Mazars' findings with regards to internal control deficiencies, with recommendations to address. These have been responded to by management within the letter, and will be monitored going forwards.

- 3.10. Finally the letter reports on adjustments made for narrative changes and additional disclosures, as well as unadjusted disclosure misstatements, which do not impact on the unqualified audit opinion.
- 3.11. It should be noted that Mazars report their commentary on Value for Money (VfM) for 2021/22 and 2022/23 in the 2022/23 Audit Completion Report. Mazars have not completed this at the time of writing, but have not identified any risks of significant weakness in the Council's arrangements. They report significant improvements in the Council's financial closure and accounts preparation process, including an improvement in the availability of system reports and the quality of supporting working papers, and are satisfied that the Council has implemented prior recommendations. Once the VfM work on both years is complete commentary will be incorporated in the Auditor's Annual Report.
- 3.12. The Committee is asked to note the Audit Completion Letter from Forvis Mazars which concludes the work on the 2021/22 financial year.

4. Finance Comments of the Executive Director Corporate Services

- 4.1. This is a report of the Executive Director Corporate Services and his views are incorporated into this report.

5. Legal Comments of the Borough Solicitor

- 5.1. The Borough Solicitor has been consulted and has no comments to add.

6. Environmental Implications

- 6.1. There are no environmental implications.

7. Appendices

Appendix A: Forvis Mazars Audit Completion Letter 2021/22

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