

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: External Audit Strategy 2023-24	
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 Strategy from Mazars for the 2023/24 financial statements of the Council and the Pension Fund.</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: Raj Shah Chief Accountant 5 Pancras Square London N1C 4AG Telephone: 020 7974 5997 raj.shah@camden.gov.uk</p>	
<p>RECOMMENDATIONS</p> <p>The Committee is asked to agree the Audit Strategy from Mazars for the audit of the 2023/24 Council at Appendix A and Pension Fund accounts at Appendix B.</p>	
<p>SIGNED: Approved by Director of Finance</p> <p>DATE: 25 November 2024</p>	

1. Purpose of Report

- 1.1. This report presents to the Committee the audit strategy from the external auditor, Forvis Mazars, for the Council and Pension Fund accounts for 2023/24, for consideration.
- 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 audit plans, and comment on the scope and depth of external audit work.

2. Background

- 2.1. Like many authorities, Camden has experienced significant delays with the audit of accounts over the past 4 years. The national issues within the local audit sector have resulted in government issuing legislation to introduce backstop deadlines for outstanding audits.
- 2.2. The government has laid before Parliament the amendments to the Accounts and Audit Regulations 2015 that implement the revised proposals for backstop dates in relation to outstanding audits via the Accounts and Audit (Amendment) Regulations 2024, which came into force on 30th September 2024 ('the Amending Regulations'). As presented and discussed at this Committee previously, the backstop dates for each financial year are as below.

Financial Year	Backstop Deadline
2022/23 and earlier	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

- 2.3. As presented under a separate item on the Committee's agenda, there has been insufficient time to conduct an audit of the 2022/23 financial year before the 13 December backstop, and the accounts for that year will be published with a disclaimed audit opinion in line with the backstop arrangements.

3. Audit Strategy for 2023/24

- 3.1. The 2023/24 audit strategy from Forvis Mazars for the council is presented at **Appendix A**. Forvis Mazars have indicated that for 2023/24 it is again necessary to issue a disclaimer of opinion on the council's financial statements due to insufficient time to carry out the audit. In plain terms, a disclaimer means that they have been unable to form an opinion. In this instance, the reason for this will be the limitation of scope imposed by statute (not by the local authority)

- 3.2. Although the council will receive a disclaimer of opinion, audit work will be carried out on Value for Money in forming a view on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Mazars will also report on any matters that come to their attention in respect of fraud and internal control.
- 3.3. Officers and auditors have been in discussion to discuss how best to rebuild assurance on accounts for subsequent years, and Mazars will be provided with a set of supporting information for the 2023/24 accounts, based on a requested Prepared By Client (PBC) list which covers items such as instructions to valuers and valuation reports, ledger downloads and working papers for the accounts. Despite expecting limited audit work for 2023/24, accounts will be prepared with due attention, quality working papers and quality assurance as in other years.
- 3.4. Scale fees for the 2023/24 year as set out by Public Sector Audit Appointments (PSAA) were to be £417,142 for the full audit of the council accounts, being the first year of the new 5 year contract up to 2027/28, however there will be a reduction in the fee to reflect the reduced level of audit work conducted. Mazars have estimated that they will require 30-50% of the scale fee, although this has not been agreed. Discussions are to be held with Mazars and PSAA as necessary.
- 3.5. Forvis Mazars have agreed to carry out an audit of the Pension Fund in full for 2023/24, and the Audit Strategy Report for the Pension Fund is presented at **Appendix B**. This should be completed in January ahead of the 2023/24 deadline for publishing accounts by 28 February.
- 3.6. The Committee is asked to note the Indicative Audit Strategy from Mazars for the audit of the 2023/24 Council and Pension Fund accounts.

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 government has laid before Parliament the amendments to the Accounts and Audit Regulations 2015 that implement the revised proposals for backstop dates in relation to outstanding audits via the Accounts and Audit (Amendment) Regulations 2024, which came into force on 30th September 2024 ('the Amending Regulations').
- 5.2. The Amending Regulations detail the conditions under which an authority will be exempt from the backstop requirements - on the day before the backstop date:
 - (i) the auditor is considering an objection to the accounts
 - (ii) an elector who has made an objection still has rights of appeal against the auditor's decision not to act

- (iii) the auditor is considering whether to apply to the courts for a declaration that an item of account is unlawful (or an application has been made for which due process is incomplete)
 - (iv) For the financial years from 2023 to 2027, the auditor is not yet satisfied that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 5.3. If an authority does have an exemption, it will need to issue a notice stating that it has not been possible to publish the statement of accounts and the reasons why not. Publication must then follow as soon as reasonably practicable.
- 5.4. If an authority does not have an exemption but fails to publish by the backstop date, it must as soon as reasonably practicable issue a notice stating that it has not been able to publish the statement of accounts, the reasons for this and that it acknowledges that it must publish the statement as soon as reasonably practicable. The notice must be sent to the Secretary of State (to facilitate scrutiny). The authority must then publish its statement of accounts as soon as reasonably practicable. The current 'delay notice' no longer applies for financial years up to and including 2027-28.
- 5.5. When the statement of accounts, narrative report and annual governance statement are published in accordance with the backstop arrangements, the Regulations require that they must remain available for public access for at least five years after the publication date.
- 5.6. Authorities will be required to consider and publish annual audit letters or reports whenever they are received, rather than waiting until the completion of the audit, as currently applies. The Regulations specify that where an authority publishes any statement or notice in accordance with its provisions, this must include publication on the authorities website.

6. Environmental Implications

- 6.1. There are no environmental implications.

7. Appendices

Appendix A: Forvis Mazars Audit Strategy Report 2023/24 – Council

Appendix B: Forvis Mazars Audit Strategy Report 2023/24 – Pension Fund

REPORT ENDS