

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 12/09/2023

Subject: Statement of Accounts 2021/22, including Pension Fund Accounts and Annual Governance Statement and update on 2020/21 Accounts and 2022/23 External Audit.

Report Author: Christopher Harris – Head of Corporate Accountancy, Systems and Tax

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

This report presents the London Borough of Hammersmith & Fulham's 2021/22 Statement of Accounts, including the Pension Fund Accounts and Annual Governance Statement for approval.

RECOMMENDATIONS

1. To approve the 2021/22 Annual Governance Statement which is included in the Statement of Accounts (Appendix 1).
 2. To approve the Statement of Accounts for 2021/22, including the Pension Fund Accounts (Appendix 1).
 3. To note the content of the external auditor's 'Audit Findings Report' (ISA260), including the auditor's findings, recommendations and the Council's response to those recommendations (Appendix 2).
 4. To approve the 2021/22 management representation letters (Appendices 3 and 4).
 5. To approve the Pension Fund Annual Report 2021/22 (Appendix 5).
 6. To note that the accounts remain 'unaudited' until final sign-off by the external auditor.
 7. To delegate authority to the Chair of the Audit Committee, in consultation with the Director of Finance to approve any further adjustments to Appendices 1, 2, 3, 4 and 5 which may be required as part of the completion of the audit work.
 8. To note the supplementary updates on the conclusion of the audit of the 2020/21 accounts and publication of the draft 2022/23 accounts and associated appendices.
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Wards Affected: All

H&F Values

Our Values	Summary of how this report aligns to the H&F Values
<ul style="list-style-type: none">• Being ruthlessly financially efficient	The Statement of Accounts details the authority's financial activity for the year and forms the cornerstone of fiscal responsibility and control together with the attainment of value for money.

Financial Impact

This report presents the annual accounts for approval and is wholly of a financial nature.

Legal Implications

There are no direct legal implications in relation to this report. The accounts are prepared and audited in accordance with The Accounts and Audit Regulations 2015 (as amended). In accordance with the Accounts and Audit Regulations 2015 (as amended), the Council's audited year end Statement of Accounts must be approved by the Audit Committee.

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Background Papers Used in Preparing This Report

None

Statement of Accounts 2021/22

1. The 2021/22 Statement of Accounts, for approval by the Audit Committee, is attached at Appendix 1.

2. The Narrative Statement at the beginning of the Statement of Accounts gives an outline of the Council's financial activity during 2021/22.
3. The Council's external auditor for the year is Grant Thornton UK LLP (GT).
4. It should be noted that the accounts remain 'unaudited' until the audit opinion is formally signed and dated by GT and the audit remains open until final certification. The accounts are therefore subject to change until that point. In the event of any further changes, it is requested that these be approved by the Chair of the Committee, in consultation with the Director of Finance and any significant changes will be notified to Committee.

Report to those charged with governance (ISA260)

5. The external auditor is required to prepare a Report to those Charged with Governance (ISA260). This report summarises the findings and recommendations associated with this year's audit in respect of the Financial Statements.
6. This report is attached (at Appendix 2) and will also be presented to the Committee by the auditor.
7. The auditor also asks the Committee and management for written representations about the financial statements and governance arrangements. To that end, Members are asked to consider and approve the draft letters of representation (Appendices 3 and 4).

Pension Fund

8. The Council's Statement of Accounts incorporates the annual accounts for the Pension Fund and GT's Report to those Charged with Governance (ISA260) includes commentary on the audit of the Pension Fund accounts.
9. The Pension Fund Annual Report is attached at Appendix 5. This report includes reports on the various aspects of the operation of the Pension Fund – investments, administration and funding, as well as the Pension Fund financial statements. The Committee is required to approve the Annual Report, so that it can be published once the audit is complete.
10. The Pension Fund Annual Report remains subject to the finalisation of audit work.

Reason for decision

11. The Audit Committee is required to approve the Council's audited year-end Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021.

Supplementary update - 2020/21 Audit

12. The external auditor issued an unqualified opinion on the 2020/21 Accounts on 26 May 2023. These accounts had previously been approved the Audit Committee and there are no material differences to report between the previous Committee version and the final accounts.
13. The external auditor has issued their final audit findings report in respect of the 2020/21 financial years. Again, there are no significant changes to report between this final version and the version previously presented to committee. For completeness the final 2020/21 audit findings report has been included at appendix 6.
14. Final audit certification of the 2020/21 year – the process by which that year’s audit is formally closed - remains subject to the conclusion of audit work in respect of the national Whole of Government Accounts (WGA) exercise.

Supplementary update - 2022/23 Draft Accounts

15. The draft 2022/23 accounts have now been published and are available for review on the Council’s website here:

https://www.lbhf.gov.uk/sites/default/files/section_attachments/unaudited-statement-of-accounts-2022-23.pdf

16. An update on the audit plan for 2022/23 is included elsewhere on the agenda.

LIST OF APPENDICES:

Appendix 1 – London Borough of Hammersmith and Fulham Annual Statement of Accounts 2021/22 (including Pension Fund) (pages 17 – 149)

Appendix 2 – Grant Thornton UK LLP Audit Findings Report (ISA260) (Main Financial Statements and LBHF Pension Fund) 2021/22 (pages 150-193)

Appendix 3 – Draft Letter of Representation 2021/22 – LBHF Main Accounts (pages 194 – 197)

Appendix 4 – Draft Letter of Representation 2021/22 – Pension Fund (pages 198 – 201)

Appendix 5 – Pension Fund Annual Report 2021/22 (pages 202 – 338)

Appendix 6 – Final Grant Thornton UK LLP Audit Findings Report (ISA260) (Main Financial Statements and LBHF Pension Fund) 2020/21 (pages 339 – 402)