



Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director – Resources

Report to:	Audit Committee
Date:	27 March 2023
Subject:	External Audit Progress Reports – Lincolnshire County Council and Lincolnshire Pension Fund 2022/23

Summary:

Our external auditors, Mazars LLP, present a planning update and progress reports for both Lincolnshire County Council and the Lincolnshire Pension Fund. This covering report briefly summarises the content of these reports.

Recommendation(s):

The Executive Director of Resources recommends that the Audit Committee considers the two external audit progress reports and identifies any further information or actions that may be required.

1. Background

- 1.1 Our external auditors, Mazars LLP, have prepared two reports which provide a planning update for the 2022/23 audit and a progress report on both the 2021/22 and 2022/23 audits. These reports cover Lincolnshire County Council's main accounts and the Lincolnshire Pension Fund's accounts. The purpose of the documents is to inform the Audit Committee of the current position regarding the audits for 2021/22 and 2022/23, and to set out some further planning information. The external auditors intend to bring their Audit Strategy Memoranda to the June Audit Committee meeting.
- 1.2 Members of this committee will be aware that there has been a delay to completing the audit of the 2021/22 accounts due to an accounting issue about infrastructure assets. This issue impacts on all authorities with material values of infrastructure assets. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance on the matter in early January 2023 and has issued a bulletin (CIPFA Bulletin 12) which provides further guidance on how to deal with the issue in the 2021/22 accounts.

- 1.3 CIPFA Bulletin 12 provides a temporary solution (a statutory override to the Code of Practice requirements) for those authorities which have not been derecognising infrastructure assets when they are replaced. The solution allows for the disclosure of gross value and accumulated depreciation of infrastructure assets to be omitted from the accounts and allows for replaced components for infrastructure assets not to be derecognised where there is insufficient evidence to support the transaction.
- 1.4 We have chosen not to adopt the statutory override and continue to derecognise infrastructure asset components when they reach the end of their useful lives. We have also continued to disclose the gross value and accumulated depreciation of infrastructure assets. The external audit progress report for Lincolnshire County Council refers to this issue on page 7 and explains that it has impacted on the timescales for the 2022/23 audit.
- 1.5 The progress report for the Lincolnshire Pension Fund confirms that the 2021/22 audit is substantially complete and is now awaiting the completion of the Lincolnshire County Council audit for 2021/22.
- 1.6 Section two of Appendix A Lincolnshire County Council Audit Progress Report sets out the status of external audits. For the financial years which have already completed, it confirms that:
- The 2020/21 audit is complete except that Mazars are awaiting a decision from the National Audit Office about which authorities will be selected to undergo additional audit procedures relating to Whole of Government Accounts. When this has been resolved an Audit Certificate will be issued and the audit will be closed.
 - The 2021/22 audit is not complete and there are two issues outstanding. Mazars need to complete the audit of infrastructure assets, as referred to earlier in this report, and they are awaiting instructions from the National Audit Office regarding Whole of Government Accounts. When these issues have been resolved, Mazars will issue an Audit Completion Report, an Audit Report (including the audit opinion), an Annual Auditors Report and the Audit Certificate. The audit will then be closed.
- 1.7 The external auditors welcome the opportunity to interact with Members of the Audit Committee and will be presenting these two reports at the meeting.

2. Conclusion

- 2.1 The external audit progress reports provide brief detail on the progress of both this year's and last year's audits. They provide members of the Audit Committee with an opportunity to ask questions of the External Auditors at the meeting.

3. Consultation

a) Risks and Impact Analysis

N/A

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire County Council Audit Progress Report – March 2023
Appendix B	Lincolnshire Pension Fund Audit Progress Report – March 2023

5. Background Papers

No Background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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