

STATEMENT OF ACCOUNTS 2018/19 – UPDATE 3

SUMMARY:

The purpose of this report is to inform Members' of audit progress for the Council's Statement of Accounts for 2018/19 since the meeting on 27 January 2020, and to set out a revised timetable for the completion of the audit and provision of the audit opinion. The Committee is reminded that the deadline for issuing a final set of audit statements of accounts and audit opinion of 31 July 2019 was not met.

RECOMMENDATIONS:

It is recommended that the Committee:

- i) Note the current position regarding the Statement of Accounts and Audit Opinion and the likely timetable for completion
- ii) Delegate authority to the Chair of Licensing, Audit and General Purposes Committee and to the Executive Head of Finance to formally approve and certify the audited Statement of Accounts and receive the External Auditor's Report from EY.

1 INTRODUCTION

- 1.1 The Council published a draft statement of account 2018/19 on 31 May 2019. The Council is required under regulation to obtain an independent external audit opinion on the true and fair nature of the statement of accounts. Following provision of the external audit opinion the relevant Council Committee (being Licencing, Audit and General Purposes Committee) is required to approve the accounts and publish both the approved set of account and the audit opinion by 31 July 2019.
- 1.2 As reported to the committee at the meetings on 29 July 2019 and 23 September 2019, the Council's external auditor opinion was not going to be received until after the statutory deadline of 31 July 2019. At the meeting in September, members were informed that the delay in the opinion being issued is largely due to material changes in the valuation of the depot and the impact of the McCloud judgement on the Council's pension fund liability.
- 1.3 In terms of context, it is worth noting that there were 208 public bodies (Councils, Fire and Rescue, Police and other LG bodies) that did not receive

an auditor opinion by 31 July 2019 – as compared to 64 at the same point the previous year.

- 1.4 This report provides members with an update on progress made since September and sets out the timetable that has been agreed with the Council's external auditor for the audit opinion to be provided.

2 PROGRESS SINCE JANUARY AND DRAFT TIMETABLE FOR THE AUDIT OPINION

- 2.1 Members will be aware from the verbal update in January that progress had been made between November 2019 and January 2020 in resolving a number of technical valuation issues concerning the valuation of Property, Plant and Equipment (PPE) within the Council's Statement of Accounts.
- 2.2 I can report to members that discussions with EY have taken place over the last few weeks to resolve all outstanding audit issues. Whilst EY have largely been able to conclude their audit work and issue the Council with a draft Audit Results Report, it has not been possible to provide this in time for the committee meeting on 23 March 2020.
- 2.3 The Audit Results report does outline a number of adjustments to the accounts that have been agreed with officers. These have been incorporated into the final set of accounts which will be submitted to EY later this week.
- 2.4 As part of the external audit process, EY will need to undertake a review of the revised set of accounts and verify that all material changes have been made to the financial statements. It is likely this will take a few days to complete. Subject to there being no further issues, EY would be able to issue their audit opinion. However, with the current Covid-19 situation, there is currently a temporary moratorium in signing any audit opinions. This is currently in place for a 2-week period from today (23 March 2020).
- 2.5 Therefore, it is suggested that in order to finalise the Statement of Accounts process and receive the external Auditor's Report, authority is delegated to the Chair of Licensing, Audit and General Purposes Committee and to the Executive Head of Finance to formally approve and certify the audited Statement of Accounts and receive the External Auditor's Report from EY.
- 2.6 Members of Licensing, Audit and General Purposes Committee will be provided with a copy of the audited Statement of Accounts and the Audit Results Report prior to being formally certified by the Chair of the Committee Executive Head of Finance. However, it is intended that the amount of time available to members to ask questions and seek clarification on the matters identified with the report will be limited.

Indicative Timetable	Action
w/e Friday 27 March 2020	Final Statement of Accounts passed to EY
w/e Friday 03 April 2020	EY review of Statement of Accounts
TBA	Members of LA&GP receive audited Statement of Accounts and Audit Results Report
TBA	Chair of LA&GP and Executive Head of Finance formally certify the Statement of Accounts

3 CONCLUSION

- 3.1 The Council and External Auditors will work together to achieve an audit opinion within the coming days, although this may be subject to some further delay given the current moratorium on signing any audit opinion by EY.
- 3.2 It is worth reassuring members that the additional time taken is not due to errors, omissions or matters concerning the quality of the final accounts.

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