

STATEMENT OF ACCOUNTS 2018/19 – UPDATE 4

**SUMMARY:**

The purpose of this report is to inform Members of audit progress for the Council's Statement of Accounts for 2018/19 and provision of the audit opinion since the meeting on 23 March 2020. 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.

**RECOMMENDATION:**

It is recommended that the Committee notes the current position regarding the Statement of Accounts and Audit Opinion.

**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 accounts and the audit opinion by 31 July 2019.
- 1.2 As reported to the committee at the meetings on 29 July 2019, 23 September 2019 and 23 March 2020, the Council's external auditor opinion was not due 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 was 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 March 2020.

### **3 PROGRESS SINCE MARCH 2020**

- 3.1 Members will be aware from the meeting in March 2020 that the Council's external auditors had largely concluded their audit work and had issued a draft Audit Results Report.
- 3.2 A number of adjustments were required to the financial statement, which required a subsequent review of the final Statement of Accounts by Ernst & Young (EY) to ensure that all material changes had been made before issuing their final opinion.
- 3.3 At the meeting on 23 March 2020, it was agreed that "subject to Members of the Committee being provided with a copy of the audited Statement of Accounts and the Audit Results Report in advance, the Chairman of the Committee and the Executive Head of Finance be authorised to approve formally and certify the audited Statement of Accounts 2018/19 and to receive the External Auditor's Report."
- 3.4 However, in response to the Covid-19 pandemic, a temporary moratorium on the issuing of audit opinions was put in place by EY on 24 March 2020. Whilst this was lifted in April 2020, EY needed to consider whether Covid-19 gave rise to a Post Balance Sheet Event (PBSE) and posed a going concern risk before an audit opinion could be issued.
- 3.5 Officers have been working through these considerations and have provided EY with information concerning the impact of Covid-19 on the Council's finances and a statement from the Executive Head of Finance concerning the financial standing of the Council. This is currently being reviewed by EY. It is expected that the final Statement of Accounts and Audit Opinion will be received in early June.
- 3.6 Therefore, it is proposed that the delegation approved by the committee at their meeting in March is removed. The Accounts and Audit Opinion will then be considered by the committee at their next scheduled meeting.

### **4 2019/20 STATEMENT OF ACCOUNTS AND AUDIT TIMINGS**

- 4.1 In response to Covid-19, deadlines for the completion and publication of the 2019/20 accounts have been relaxed recognising the possible disruption to relevant authorities caused by the spread of coronavirus.
- 4.2 The table below sets out the changes made to the deadlines, as set out in the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which came into force on 30 April 2020.

<b>Action</b>	<b>Deadline as set out in Accounts and Audit Regulations 2015</b>	<b>Revised Deadline as set out in Accounts and Audit (Coronavirus) (Amendment) Regulations 2020</b>
Draft Accounts completion	31 May	31 August
Public Inspection period	First 10 working days of June of the financial year immediately following the end of the financial year to which the statement relates	First 10 working days of September of the financial year immediately following the end of the financial year to which the statement relates
Publication of Accounts	31 July	30 November

## 5 CONCLUSION

- 5.1 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.
- 5.2 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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