

STATEMENT OF ACCOUNTS 2018/19 – UPDATE 5

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 28 May 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.

RECOMMENDATIONS:

It is proposed that subject to all 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.

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, 23 September 2019, 23 March 2020, and 28 May 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 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 28 May 2020.

2 PROGRESS SINCE MAY 2020

- 2.1 Members will be aware from the meetings in March and May 2020 that the Council's external auditors had largely concluded their audit work and had issued a draft Audit Results Report.
- 2.2 A number of adjustments were required to the financial statement, which required a subsequent review of the final Statement of Accounts by EY to ensure that all material changes had been made before issuing their final opinion.
- 2.3 At the meeting on 28 May 2020, it was noted that Covid-19 gave rise to a Post Balance Sheet Event (PBSE) and posed an ongoing risk to the Council's financial standing. In order to complete the accounts and audit opinion process, the Statement of Accounts would need to include a detailed Disclosure Note that addressed impact on the Council's Finances from Covid-19 and considered the Going Concern basis.
- 2.4 Whilst a Disclosure Note was drafted and provided to EY at the beginning of July (which was based financial position included in the Cabinet report of 02 June 2020), the note will be redrafted to include the latest financial information (based on the Q1 2020/21 budget monitoring position) and a projection of the Council's cashflow for the next 12 months and reserves over the current MTFS period. It is expected this will be completed by the end of this week.
- 2.5 Subject to EY's audit and assurance processes, it can be expected that an audit opinion and audit results report can be finalised shortly thereafter.
- 2.6 Therefore, in order to agree the accounts and audit opinion before the next scheduled meeting of the committee in September 2020, it is proposed that subject to all 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 2019/20 STATEMENT OF ACCOUNTS AND AUDIT TIMINGS

- 3.1 As reported to the committee in May 2020, 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.
- 3.2 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.

Action	Deadline as set out in Accounts and Audit Regulations 2015	Revised Deadline as set out in Accounts and Audit (Coronavirus) (Amendment) Regulations 2020
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

4 CONCLUSION

- 4.1 An updated Disclosure Note will be submitted to EY and that the Council and External Auditors will work together to achieve an audit opinion in early August 2020.
- 4.2 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.

Contact Details:

Report Author and Head of Service:
David Stanley – Executive Head of Finance
01252 398440
david.stanley@rushmoor.gov.uk