

STATEMENT OF ACCOUNTS 2018/19 – UPDATE 6

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 July 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, 28 May 2020 and 28 July 2020 the Council's external auditor opinion was not due to be received until after the statutory deadline of 31 July 2019. Members were informed that the delay in the opinion being issued was largely due to material changes in the valuation of the Council's fixed assets. The impact of Covid-19 on the Council's finances has also contributed to slower than anticipated progress due to the need to provide a Disclosure Note covering a 12-month period from the likely audit opinion date.
 - 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 (around 40%) – as compared to 64 at the same point the previous year.
- 2** This report provides members with an update on progress made since July 2020.

3 CURRENT STATUS OF THE AUDIT

- 3.1 Members will be aware from the meetings in 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 EY to ensure that all material changes had been made before issuing their final opinion.
- 3.3 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.
- 3.4 An updated Disclosure Note was drafted and provided to EY at the beginning of September following work undertaken on the 2019/20 Outturn. This allowed a forward projection of the Council's Reserves and Balances and a projection of the Council's cashflow for the next 12 months and reserves over the current MTFS period.
- 3.5 EY have provided a draft Audit Results report which has been included on the Agenda for consideration at this meeting. The final version of the 2018/19 Statement of Accounts will include the updated narrative statement and Disclosure Note. It is anticipated that this will be provided to EY by the end of September 2020 once final formatting and cross-referencing checks have been completed. Subject to EY's audit and assurance processes, it can be expected that an audit opinion and the final audit results report will be received in early October 2020.
- 3.6 Therefore, in order to agree the accounts and audit opinion before the next scheduled meeting of the committee in November 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 final External Auditor's Report.

4 2019/20 STATEMENT OF ACCOUNTS AND AUDIT TIMINGS

- 4.1 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.

- 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.

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

- 4.3 In accordance with the revised timetable, the Council published the draft 2019/20 Statement of Accounts on 31 August 2020. These are available on the Council's website: <https://www.rushmoor.gov.uk/statementofaccounts>
- 4.4 It is expected that the main element of audit work on the financial statements will start in the week commencing 12 October 2020, with EY anticipating the audit work will take 4 weeks to complete. Subject to EY's audit and assurance processes, it can be expected that an audit opinion and audit results report will be finalised by the revised statutory deadline of 30 November 2020.

5 CONCLUSION

- 5.1 Subject to the final review of the financial statements and EY's review process, the Council should receive the Audit Opinion in early October 2020.
- 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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