

## STATEMENT OF ACCOUNTS 2019/20 – UPDATE 1

### SUMMARY:

The purpose of this report is to inform Members of audit progress for the Council's Statement of Accounts for 2019/20 and provision of the audit opinion since the meeting on 23 November 2020. The Committee is reminded that the deadline for issuing a final set of audit statements of accounts and audit opinion of 30 November 2020 was not met.

### RECOMMENDATIONS:

It is recommended that the committee

- i) Note the Statement of Accounts Update Report
- ii) Note the process and timetable for approval of the 2019/20 Statement of Accounts and receiving the Audit opinion

## 1 INTRODUCTION

- 1.1 Owing to the impact of 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
- 1.2 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

- 1.3 The Council published a draft statement of account 2019/20 on 31 August 2020. These are available on the Council's website:  
<https://www.rushmoor.gov.uk/statementofaccounts>
- 1.4 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 30 November 2020.
- 1.5 As reported to the committee at the meeting in November 2020 the Council's external auditor opinion was not due to be received until after the statutory deadline with a commitment to work towards an opinion being available for the January 2021 meeting.
- 1.6 In terms of context, it is worth noting that there were 265 public bodies (Councils, Fire and Rescue, Police and other LG bodies) that did not receive an auditor opinion by 30 November 2020 (around 55%) – as compared to 210 out of 486 (43%) for 2018/19.
- 1.7 This report provides members with an update on progress made since November 2020.

## **2 CURRENT STATUS OF THE AUDIT**

- 2.1 Members will be aware from the meeting in November 2020 that the Council's external auditors set out in the Audit Plan an outline of the timetable and work required to complete their audit and issue an Audit Results Report.
- 2.2 Officers and EY have worked through a number of audit issues since November with a number of audit areas completed. However, there remains a number of outstanding queries in relation to asset valuations which need to be resolved before an opinion can be given. It is likely that the Council will need to respond to EY on any valuation differences and whether these give rise to an adjustment to the financial statements.
- 2.3 The Council will also have to provide EY with an updated impact on the Council's finances from Covid-19 and any Post Balance Sheet Event (PBSE) given the ongoing risk Covid-19 poses 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 addresses Going Concern.
- 2.4 A Disclosure Note will be drafted with an updated forward projection of the Council's Reserves and Balances and a projection of the Council's cashflow and liquidity for the next 12-18 months, and a forward projection of reserve deployment over the MTFs period.

- 2.5 At a meeting with EY on 14 January 2021, it was agreed that the current audit work would be paused until mid-February. This would allow the finance team to complete work on the 2021/22 budget setting process unencumbered by other work pressures. The audit would be reconvened in mid-February with the intention to have a scaled-up audit resource to allow the completion of the audit process to be achieved in advance of the next meeting of LA&GP in March 2021.
- 2.6 Therefore, it is anticipated that the audited Statement of Accounts and the Audit Results Report will be considered by the committee at their meeting on 29 March 2021.

### **3 CONCLUSION**

- 3.1 Subject to the final review of the financial statements and EY's review process, the Council should receive the Audit Opinion in early March 2021.
- 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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