

READING BOROUGH COUNCIL
EXECUTIVE DIRECTOR OF RESOURCES

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	30 JANUARY 2020		
TITLE:	CLOSURE OF ACCOUNTS UPDATE		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	MATTHEW DAVIS	TEL:	0118 937 2954
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1. EXECUTIVE SUMMARY

- 1.1 This report updates the Committee on progress with the completion of the Council's Accounts for 2017/18 and 2018/19.
- 1.2 The 2017/18 draft accounts have been completed and handed to the Council's external auditors; Ernst & Young (EY), with the formal period of public inspection having reached conclusion on 20th September 2019 with no objections received.
- 1.3 The 2017/18 Audit process has initially proceeded well, with officers having provided responses to 1,304 out of the 1,638 queries generated by EY to date.
- 1.4 EY have, however, temporarily paused their Audit of the 2017/18 Accounts due to a need to respond to key priorities elsewhere, and are due back on site on February 17th.
- 1.5 Although officers are engaged in preparing responses to the remaining outstanding queries in the meantime, the above audit delay may potentially impact the timing of sign-off of the accounts, which had been anticipated to take place before the end of the Financial Year.
- 1.6 The 2018/19 Accounts are now almost complete, having been delayed due to capacity issues and the need to manage competing priorities (in particular resolving 2017/18 Audit issues, completing the 2018/19 accounts, agreeing the 2021/22+ Medium Term Financial Plan as well as resolving a number of systems issues).

- 1.7 It is anticipated that the 2018/19 Accounts will be completed and handed over to the External Auditors prior to the sign-off of the 17/18 Accounts, with Audit and sign-off of the same being scheduled to take place once the Auditors have signed off the 2017/18 Accounts
- 1.8 A closing plan for 2019/20 will be drafted and circulated prior to the end of the 2019/20 Financial Year.

2. RECOMMENDED ACTION

- 2.1 To note that the statutory 30 day public inspection period for the 2017/18 accounts has concluded with no objections received;
- 2.2 To note the delay relating to Audit of the 2017/18 Accounts; and
- 2.3 To note the progress made in closing the 2018/19 Accounts

3. BACKGROUND AND PROCESS

2017/18 Accounts

- 3.1 Work on closing the 2017/18 accounts began in the spring of 2018, with the closure of the management accounts and a draft outturn position being reported to this Committee in August 2018.
- 3.2 As previously reported, it was necessary to commission fresh property valuations for the 2017/18 accounts, the majority of which were received at the end of January 2019. However, it was only possible to process the valuations once EY had confirmed they had completed the audit of the 2016/17 Asset Register and brought forward balances were agreed.
- 3.3 In addition, as a result of issues that have arisen nationally during the audits of both 2017/18 and 2018/19 accounts officers have had to obtain further information and enhance the working papers. In particular, revised reports have been obtained from the Actuary to reflect the actual outturn of the Pension Fund and the potential impact of the recent Court of Appeal judgment regarding age discrimination (Lord Chancellor v McCloud & Others, December 2018).
- 3.5 The draft 2017/18 accounts are with the council's external auditors and were made available for the public inspection period which ended on the 20th September 2019.
- 3.6 The external auditors are engaged in the formal audit of the 2017/18 accounts, with officers having provided responses to 1,304 out of the 1,638 queries generated to date and being actively engaged in compiling responses to the remainder.

- 3.7 The External Auditors have, however, temporarily paused their Audit of the 2017/18 Accounts due to a need to respond to key priorities elsewhere and are due back on site on February 17th.
- 3.8 This may impact upon the sign-off date of the 2017/18 Accounts, which was anticipated to take place before the end of the Financial Year.

2018/19 Accounts

- 3.9 The 2018/19 management accounts have been closed and an outturn position reported to the July 2019 Policy Committee. Officers were able to turn their attention to compiling the 2018/19 draft accounts once the draft 2017/18 accounts had been completed.
 - 3.9.1 The 2018/19 accounts are almost complete, having been delayed due to capacity issues (relating to staff being required to manage competing pressures).
 - 3.9.2 Audit of the same is scheduled to take place once the auditors have signed off the 2017/18 Accounts.

4. EQUALITY IMPACT ASSESSMENT

- 4.1 Not applicable.

5. ENVIRONMENTAL IMPLICATIONS

- 5.1 Not applicable.

6. LEGAL IMPLICATIONS

- 6.1 Part Five of the Accounts and Audit Regulations 2015 requires authorities to allow the public to inspect the accounts for a single period of 30 working days and stipulates that must include the first 10 working days of June of the financial year immediately following financial year. The Council were unable to comply with this requirement in respect of both the 2017/18 and the 2018/19 Accounts as they were not ready for inspection.
- 6.2 The formal notice to open the 2017/18 draft Accounts for the 30 working day inspection period was published on the website, with the inspection period concluding on 20th September 2019. The inspection period for the 2018/19 Accounts is expected to commence before the end of the Financial Year.

7. FINANCIAL IMPLICATIONS

7.1 As contained in the body of the report.