

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	12th OCTOBER 2020		
TITLE:	CLOSING ACCOUNTS UPDATE		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	PETER ROBINSON	TEL:	
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report updates the Committee on progress with the completion of the Council's Final Accounts for 2017/18, 2018/19 and 2019/20
- 1.2 The Audit of the 2017/18 Accounts is almost complete and at the time of writing it is anticipated they will be signed off by the end of October at the latest.
- 1.3 The update by Ernst & Young (EY), the Council's external auditors, which appears elsewhere on the agenda, provides further information on the residual steps required to achieve sign off the 2017/18 Accounts.
- 1.4 The draft 2018/19 Accounts are complete and were handed over to the Auditors in mid-February 2020. Preliminary pieces of work relating to the Audit of this set of Accounts have now commenced with the planning meeting having taken place on Monday 28th September.
- 1.5 Officers have also almost completed the 2019/20 accounts. At this stage it is anticipated that the draft 2019/20 accounts will be completed and handed over to EY by the end of October 2020 and available for public inspection shortly thereafter.

2. RECOMMENDED ACTION

- 2.1 To note the progress made in relation to the Audit of the 2017/18 Accounts and that they will be circulated to the Committee once they are finalised.
- 2.2 That the Executive Director for Resources, in consultation with the Chairman of the Audit & Governance Committee, be authorised to sign off the final accounts for 2017/18 on behalf of the Council

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| 2.3 | To note the progress being made in closing the 2019/20 Accounts |
| 2.4 | To note that the Audit of the 2018/19 Accounts commenced in September 2020. |

3. BACKGROUND AND PROCESS

2017/18 Accounts

- 3.1 The Audit of the 2017/18 Accounts is expected to be complete by the end of October at the latest. At the time of writing EY have completed a first internal Panel review and a follow up is scheduled for the 1st October. It is anticipated that EY will advise the Council of the wording of its opinion, and 'Going Concern' conclusion prior to the Committee meeting on the 8th October.
- 3.2 Officers have responded to well over 2,000 queries during the course of the 2017/18 Audit. The quantum of queries was significantly higher than one would receive during the course of a routine Audit, a result of the qualification of the 2016/17 accounts and the ensuing reduction in the Council's materiality level.
- 3.3 The majority of the remaining tasks which need to be undertaken before sign-off is achieved now lie with EY, with the final task for Council officers being to make the final agreed amendments to the accounts. EY will need to tick through these amendments prior to sign-off which is anticipated will take place by the end of October 2020, with more precise timescales being provided within the update from EY to this Committee.
- 3.4 A log of agreed changes to the accounts has been maintained throughout the audit process and it has been agreed with EY that these changes will be made in one batch. The detail of these amendments is set out in EY's report which appears elsewhere on the agenda, however in summary the number of adjustments will not exceed 40 with none representing a material change to the draft accounts. The amendments principally relate to Capital items with a minority being more widespread, reflecting the fact that every aspect of the Council's accounts was subjected to a forensic Audit.
- 3.5 The adjustment process needs to be meticulous, and will take approximately one week. In light of these final amendments it is recommended that the Executive Director for Resources, in consultation with the Chairman of the Audit & Governance Committee, be authorised to sign off the final accounts for 2017/18 on behalf of the Council once they are complete. The accounts will be formally circulated to all members of the Committee and made available on the website.

2018/19 Accounts

- 3.6 The 2018/19 Accounts were handed over to the Auditors in mid-February. The accounts were available for public inspection from 27th February 2020, elapsing on the 9th April 2020.
- 3.7 The 2018/19 Accounts will need to be updated to reflect revised closing balances from 2017/18 which become the new opening balances for 2018/19. These changes will be made once the amendments have been incorporated and agreed in the 2017/18 Accounts.

There is no requirement for a second period of public consultation as a result of these amendments.

- 3.8 Preliminary pieces of work relating to the Audit of the 2018/19 Accounts commenced in September 2020.

2019/20 Accounts

- 3.9 Officers are currently completing work on the final notes to the 2019/20 draft accounts.
- 3.10 Officers had to overcome a number of challenges to get to this stage as a result of Covid 19, but it is expected the accounts will be handed over by the end October 2020 at the latest.

4. CONTRIBUTION TO STRATEGIC AIMS

- 4.1 The production of annual accounts results in the publication of accurate, transparent financial information which gives a true and fair view of reading Borough Council's economic performance and financial stability.

5. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 5.1 None arising from this report.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 Both the 2017/18 and 2018/19 Accounts have been made available for public inspection as required under Part Five of the Accounts and Audit Regulations 2015
- 6.2 The inspection period for the 2019/20 Accounts is expected to commence shortly after the draft accounts are finalised at the end of October 2020.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 Not applicable

8. LEGAL IMPLICATIONS

- 8.1 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.

- 8.2 Both sets of draft Accounts have subsequently been published on the Council's website, with the notices for the 30-day public inspection periods for each having been published and the accounts having been made available for the required timespan.
- 8.3 The inspection period for the 2019/20 Accounts is expected to commence shortly after the draft accounts are finalised at the end of October.

9. FINANCIAL IMPLICATIONS

- 9.1 The Council has not yet received EY's final audit fee for the audit of the Council's 2017/18 accounts; EY indicated in May 2020 that their fee was likely to be at least £400,000 above the scale fee due to the additional work involved.