

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	28 th JANUARY 2021		
TITLE:	CLOSING FINANCIAL ACCOUNTS UPDATE		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
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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 2018/19 and 2019/20
- 1.2 The 2017/18 Accounts were signed off by Ernst and Young (EY) at the end of October 2020.
- 1.3 The draft 2018/19 Accounts were handed over to EY in February 2020. These were updated in November 2020 for the revised brought forward 2017/18 balances although the Audit of these Accounts commenced in September 2020.
- 1.4 Officers have almost completed the 2019/20 accounts but have agreed with EY to focus on prioritising resolving the 2018/19 outstanding queries and getting these signed off before passing them over to EY. This will also enable transformation work to be completed to assist with the 2020/21 accounts and mean that brought forward balances from 2018/19 can be updated to save more audit time.

2. RECOMMENDED ACTION

- 2.1 To note the progress made in relation to the Audit of the 2018/19 Accounts.
- 2.2 To note the progress being made in closing the 2019/20 Accounts

3. BACKGROUND AND PROCESS

2018/19 Accounts

- 3.1. Officers are working with EY to answer the queries arising on the 2018/19 Accounts. As in 2017/18 the number of queries is significantly higher than would be received during the course of a routine Audit, a result of the qualification of the 2016/17 and 2017/18 accounts and the ensuing reduction in the Council's materiality level.
- 3.2. Officers have had to overcome a number of challenges to get to this stage as a result of Covid 19, including a number of staffing changes. It is though anticipated that the Audit will be completed by the end of March 2021.
- 3.3. The initial technical review by EY, although uncovering several queries, has produced a lower number of queries than in the 2017/18 technical review.

2019/20 Accounts

- 3.4 The majority of work has been completed on the 2019/20 accounts, but it has been agreed with EY to prioritise finalising the 2018/19 accounts and bringing forward updated balances from 2018/19 before passing them for Audit. This will not delay any Audit work some of which is already being undertaken in parallel to the 2018/19 Audit.
- 3.5 Public Consultation will commence on the 2019/20 Accounts when they are completed in April 2021.

2020/21 Accounts

- 3.6 Preparation for the 2020/21 Accounts will start in February by the Business Partnering team, using updated processes from the Finance Transformation Programme and the learning from the previous year's audits. This will be in parallel to the work with EY on the 2018/19 Audit by the technical accounting team.

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 in April 2021.

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 The inspection period for the 2019/20 Accounts is expected to commence shortly after the draft accounts are finalised in April 2021.

9. FINANCIAL IMPLICATIONS

9.1 EY's final audit fee for the audit of the Council's 2017/18 accounts was £420,000 above the scale fee due to the additional work involved.

9.2. The audit fees for 2018/19 will also be above the scale fee but EY are not in a position to estimate an amount at this point.

10. BACKGROUND PAPERS

10.1 None