

**READING BOROUGH COUNCIL**  
**REPORT BY DIRECTOR OF FINANCE**

**TO: AUDIT & GOVERNANCE COMMITTEE**

**DATE: 19<sup>th</sup> JULY 2021**

**TITLE: FINANCIAL ACCOUNTS UPDATE**

<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR McEWAN</b>	<b>PORTFOLIO: CORPORATE &amp; CONSUMER SERVICES</b>
<b>SERVICE:</b>	<b>FINANCIAL SERVICES</b>	<b>WARDS: BOROUGHWIDE</b>
<b>LEAD OFFICER:</b>	<b>ANNETTE TRIGG</b>	<b>TEL:</b>
<b>JOB TITLE:</b>	<b>CHIEF ACCOUNTANT</b>	<b>E-MAIL: <a href="mailto:annette.trigg@reading.gov.uk">annette.trigg@reading.gov.uk</a></b>

**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, 2019/20 and 2020/21.
- 1.2. The audit of the draft 2018/19 Statement of Accounts commenced in September 2020. The Statement was updated in November 2020 for the revised brought forward 2017/18 balances following completion of the 2017/18 audit. Officers have now completed all outstanding work in respect of the 2018/19 Accounts.
- 1.3. A revised Statement reflecting all amendments agreed as part of the audit was handed over to the Council's external auditors, Ernst & Young (EY) on 9 July 2021 ahead of EY's internal quality assurance panel meeting on the 14<sup>th</sup> July to review the audit.
- 1.4. Officers are on schedule to complete the updates required to the 2019/20 Statement of Accounts arising from the 2018/19 audit by the end of July 2021 to facilitate the audit commencing on the 2 August 2021. Preparation and completion of the 2020/21 Statement of Accounts is also underway.
- 1.5. The aim is to have both 2019/20 and 2020/21 Statement of Accounts signed off by 31 March 2022.

**2. RECOMMENDED ACTION**

**That Audit & Governance Committee note:**

- 2.1. The progress made in relation to the Audit of the 2018/19 Accounts.
- 2.2. The progress being made in closing the 2019/20 and 2020/21 Accounts.

### **3. BACKGROUND AND PROCESS**

#### **2018/19 Accounts**

- 3.1. Officers have completed all outstanding work on the 2018/19 Statement of Accounts and an updated version of the Accounts was handed over to EY on 9 July 2021 in advance of the EY Partner Review meeting scheduled for 14 July 2021. A separate report from EY included elsewhere on the agenda will provide further progress updates.
- 3.2. As was reported to the Committee in April 2021, there will be a number of opening balance qualifications brought forward from 2017/18. However, EY have indicated that it is possible that some of the qualifications may be lifted on 2018/19 closing balances but this will be subject to review by their EY Partner Review Panel. The potential lifting of qualifications is in part possible due to additional sample testing that has been carried out in July. The separate report from EY will provide a further progress update.
- 3.3. EY will not be in a position to confirm the final outcome of the audit until all of their internal review processes have been completed up to partner level.

#### **2019/20 Accounts**

- 3.4. Work is underway to update the 2019/20 Statement of Accounts for the changes agreed as part of the 2018/19 audit we are on schedule to complete and handover to EY by the end of July 2021 to facilitate the audit commencing on 2 August 2021.
- 3.5. EY have also advised that they will look to cover aspects of the 2020/21 accounts alongside the audit of the 2019/20 accounts which will result in greater efficiency.

#### **2020/21 Accounts**

- 3.1. A timetable for preparation of the 2020/21 Accounts is in place and work is ongoing and being monitored in this regard.

### **4. THE ACCOUNTS AND AUDIT (AMENDMENTS) REGULATIONS 2021**

- 4.1. The Accounts and Audit (amendment) Regulations 2021 came into force on 31 March 2021. The regulations amend the date for publication of the draft accounts from 1 June to the 1 August and the date for publication of the final accounts from the 31 July to 30 September for the next 2 accounting years, 2020/21 and 2021/22.
- 4.2. The regulations also include a new requirement for all local authorities to post a notice if they fail to publish their draft accounts by the deadline. The notice must state the reasons why it has not been possible to commence the period for the exercise of public rights. The draft accounts must be published as soon as reasonably practicable thereafter.

### **5. CONTRIBUTION TO STRATEGIC AIMS**

- 5.1. 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.

## **6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS**

6.1. None arising from this report.

## **7. COMMUNITY ENGAGEMENT AND INFORMATION**

7.1. The 2018/19 Accounts have been made available for public inspection as required under Part Five of the Accounts and Audit Regulations 2015.

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

## **8. EQUALITY IMPACT ASSESSMENT**

8.1. Not applicable

## **9. LEGAL IMPLICATIONS**

9.1. 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.

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

## **10. FINANCIAL IMPLICATIONS**

10.1. The audit fees for 2018/19 will be above the scale fee but EY have not provided an estimate at this stage.

## **11. BACKGROUND PAPERS**

11.1. None