

Audit and Governance Committee

23 January 2024



Reading
Borough Council
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Title	Closing Financial Accounts Update
Purpose of the report	To note the report for information
Report status	Public report
Report author	Mark Sanders, Chief Accountant
Lead Councillor	Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	That the Committee notes the accounts progress and findings to date.

1. Executive Summary

- 1.1 This report updates the Committee on the progress of the audit of the Council's Final Accounts for 2020/21, as it nears completion. The report also provides an update on the 2021/22 accounts and also the 2022/23 accounts. This report should be considered alongside the External Auditor's progress update and findings to date reported elsewhere on tonight's agenda. The previous update to Committee requested approval for the audit of accounts 2020/21 to be signed off under delegated power by Darren Carter, Director of Finance (S.151 Officer) and Councillor Williams, in his capacity as Chair of the Audit and Governance Committee. We continue to monitor the progress of the External Auditors to finalise their work.
- 1.2 It is notable that in future the accounts will need to be signed off by Full Council, but the Audit and Governance Committee will continue to play a pivotal role in their scrutiny and debate.

2. Progress on 2020/21 Accounts audit

- 1.3 This report updates the Committee on the progress of the audit of the Council's Final Accounts for 2020/21 since the last update. There have been no further amendments to make, and we know of no material changes to report. We are hopeful that the External Auditors will conclude the audit imminently as there are no outstanding requests of us.
- 1.4 The Council is anticipating an unqualified audit opinion for 2020/21 subject to the completion and review of EY's audit work.
- 1.5 The position of the External Audit queries as of beginning of January is as follows:

Table 1 – Audit Queries as at 08/01/24

No of Queries	Status
0	Outstanding
132	EY – To review (response provided by RBC)
246	EY – Accepted
378	Total

3. Update on the Publication of the 2021/22 Accounts

- 3.1 We published the draft 2021/22 accounts at the latter end of November 2023 and the public inspection period commenced on 22 November 2023 and concluded on 10 January 2024.
- 3.2 We provided the accounts and the reconciled Financial System Report to the auditors at the beginning of 2024 but have yet to have been informed of their intended audit approach and any dates for the 2021/22 audit.

4. Update on the Preparation of the 2022/23 Accounts

- 4.1 We are on track to produce and publish the draft 2022/23 accounts by the end of January/beginning of February. This draft will incorporate any last changes from the 2020/21 audit, should there be any further findings.
- 4.2 This will give us a good platform to continue our closedown processes for 2023/24 with our objective of returning to a timely position on the preparation of accounts within statutory deadlines.

5. Transition to new External Auditors, KPMG.

- 5.1 The Statement of Accounts 2022/23 is the last year that our auditors will be Ernst and Young. It is prudent practice for the external auditors to change on a scheduled basis to avoid any bias and to ensure impartiality and an objective approach. Our new auditors from 2023/24 will be KPMG who will build upon the assurances they receive from EY and commence their audits with their own approach.
- 5.2 We anticipate being in a good position to work with both EY and KPMG to ensure a smooth transition. Producing timely accounts will aid this process.

6. National Position.

- 6.1 Although we continue to work “in arrears” on our accounts we have seen positive improvement in processes and the timely production of accounts is far more feasible than in previous years. It must be noted that our issues are not isolated and the majority of councils across the country are finding it difficult to either complete their accounts on time and/or have them audited in a timely manner.
- 6.2 The following is an extract from a post by an independent local government finance specialist, showing the results from a status tracker for December.

Accounts Status by type of authority

	21/22 Not Published	21/22 Draft	21/22 Final	22/23 Not Published	22/23 Draft	22/23 Final
ILB	2	6	4	2	9	1
OLB	3	10	7	4	15	1
Met	2	18	16	3	31	2
Unitary	7	31	21	15	40	4
County	0	6	17	3	19	1
District	16	79	69	48	109	7
Total	30	150	134	75	223	16

6.3 We await further updates from DLUHC and EY to ascertain the next steps for our outstanding audits.

7. Contribution to Strategic Aims

7.1 The external audit process includes the approval of the annual Statement of Accounts results and the publication of accurate, transparent financial information which gives a true and fair view of Reading Borough Council's economic performance and financial stability.

8. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

8.1 None arising.

9 COMMUNITY ENGAGEMENT AND INFORMATION

91 The Public Inspection period has concluded (11 Jan 2024) and there are no implications to report.

10. EQUALITY IMPACT ASSESSMENT

10.1 None arising.

11. LEGAL IMPLICATIONS

11.1 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 this must include the first 10 working days of June of the financial year immediately following the financial year to which the accounts relate. The Council was unable to comply with this requirement in respect of the financial years 2017/18 to 2022/23 as the accounts were not ready for inspection.

12. FINANCIAL IMPLICATIONS

12.1 The audit fees will be reported in due course.

13. BACKGROUND PAPERS

13.1 Previous Closing Accounts update reports to the Audit & Governance Committee.