

READING BOROUGH COUNCIL
EXECUTIVE DIRECTOR OF RESOURCES

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	19 SEPTEMBER 2019		
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 Following the formal certification of the 2016/17 accounts on the 19th of July, 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 commenced on 12th August 2019 and being due to end on 20th September 2019.
- 1.3 A technical review of the 2017/18 accounts has already been undertaken by EY and officers are currently working through providing responses to these initial queries.
- 1.5 Officers are also fully engaged in completing the 2018/19 accounts. At this stage it is anticipated that the draft 2018/19 accounts will be completed and with EY at the end of September 2019 and available for public inspection shortly thereafter.
- 1.5 Auditors are due to arrive on site to commence the substantial work for the formal audit of both the 2017/18 accounts and the 2018/19 accounts on 30th September 2019.

2. RECOMMENDED ACTION

- 2.1 To note that the 2017/18 accounts have now been handed over to the Council's external auditors and that the statutory 30 day public inspection period for the same has commenced;
- 2.2 To note the progress being made in closing the 2018/19 accounts; and
- 2.3 To note that the external auditors will be on-site at the Civic Offices from the 30th September 2019 to audit both the 2017/18 and the 2018/9 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).
- 3.4 In compiling the 2017/18 accounts new accounts closure software has been implemented which will ensure supporting working papers are prepared and stored effectively and improve accessibility for external audit.
- 3.5 The draft 2017/18 accounts have now been handed to the council's external auditors and have been made available for public inspection until the 20th September 2019.
- 3.6 The external auditors have sent to officers the initial technical review, and additional queries, in relation to the 2017/18 accounts with officers currently engaged in compiling responses to the same.
- 3.7 The external auditors are due to commence formal audit of the 2017/18 accounts on 30th September 2019.

2018/19 Accounts

- 3.8 The 2018/19 management accounts have been closed and an outturn position reported to the July 2019 Policy Committee. Officers are now engaged on compiling the 2018/19 draft accounts now that the draft 2017/18 accounts have been completed.
- 3.9 The 2018/19 accounts should be available for audit and public inspection by the end of September 2019.
- 3.10 The external auditors are due to commence formal audit of the 2018/19 accounts on 30th September 2019.

4. EQUALITY IMPACT ASSESSMENT

- 4.1 Not applicable.

5. LEGAL IMPLICATIONS

- 5.1 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.
- 5.2 At the time of writing the formal notice to open the 2017/18 draft Accounts for the 30 working day inspection period has been published on the website. The inspection period for the 2018/19 Accounts is expected to commence shortly after the inspection period for 2017/18 closes.

6. FINANCIAL IMPLICATIONS

- 6.1 As contained in the body of the report.