

<b>Contains Confidential or Exempt Information</b>	<b>NO</b>
<b>Title</b>	Statement of Accounts Update
<b>Responsible Officer(s)</b>	Ross Brown, Chief Finance Officer
<b>Author(s)</b>	Simon Peet, Assistant Director Technical Finance Louisa Fearnley, Principal Accountant (Financial Control)
<b>Portfolio(s)</b>	Councillor Bassam Mahfouz, Finance and Leisure
<b>For Consideration By</b>	Audit Committee
<b>Date to be Considered</b>	28 July 2020
<b>Implementation Date if Not Called In</b>	N/A
<b>Affected Wards</b>	All
<b>Keywords/Index</b>	Final Accounts, Audit, Governance

**Purpose of Report:**

To provide an update to the Audit Committee on:

- The sign-off of the 2018/19 Statement of Accounts
- The changes to the 2019/20 Statement of Accounts timetable and publication deadlines due to the Covid-19 pandemic
- The progress on the production of the 2019/20 Statement of Accounts and Audit
- The audit fee scale set by the PSAA (Public Sector Audit Appointments) for 2020/21

**1. Recommendations**

- 1.1 The Audit Committee is asked to:
- 1.2 Note the 2018/19 Statement of Accounts were signed-off on the 29 May 2020
- 1.3 Note the changes to the statutory deadlines to publish the Unaudited 2019/20 Statement of Accounts by the 31 August 2020, changes to the dates of the Public Inspection period and to publish the Audited 2019/20 Statement of Accounts by the 30 November 2020
- 1.4 Note the progress on the production of the 2019/20 Statement of Accounts and Audit
- 1.5 Note the audit fee scale agreed by the PSAA (Public Sector Audit Appointments) for 2020/21 of £128,269

**2. Reason for Decision and Options Considered**

- 2.1 This is a report for information; no decision is required by the Audit Committee

### **3. 2018/19 Statement of Accounts**

- 3.1 Following the last Audit Committee meeting on the 4 March 2020, the audit concluded with no further issues or matters arising from the outstanding areas identified in the Accounts and Grants Audit Update report presented by Deloitte.
- 3.2 The sign-off the 2018/19 Statement of Accounts was intended to take place on the 25 March 2020, however the sign-off was delayed due to the Covid-19 pandemic outbreak, which upon discussion with Deloitte required Note 5 Events After the Balance Sheet Date, updating with wording being inserted providing an assessment of the impact of Covid-19 on the Council financial position.
- 3.3 The Chair of the Audit Committee in consultation with Councillor Young, under delegated authority agreed at July 2019 Audit Committee, signed-off both the 2018/19 Statement of Accounts and Audit Letter of Representation, on the 29 May 2020. These documents along with the Notice of Conclusion of Audit have now been published and are available to view on the Council website.

### **4. 2019/20 Statement of Accounts - Changes to Deadlines**

- 4.1 The Accounts and Audit Regulations 2015, set out the statutory deadlines for an authority to publish both the unaudited Statement of Accounts by 31 May and audited Statement of Accounts by 31 July.
- 4.2 In recognition of the impact of the Covid-19 pandemic on the availability of finance staff resource to prepare the statement of accounts, The Ministry of Housing, Communities and Local Government (MHCLG) confirmed in a letter to authorities on the 3 April 2020 the intention to make changes to the Accounts and Audit Regulations 2015 and extend the statutory deadlines.
- 4.3 The publication date for the unaudited Statement of Accounts has now moved to 31 August 2020 and audited Statement of Accounts to 30 November. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 were laid before Parliament on the 4 April 2020 and came into force on the 30 April 2020.
- 4.4 In addition, to provide local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed, instead local authorities must commence the public inspection period on or before the first working day of September 2020, meaning there is no requirement to wait for a common inspection period. However, the requirement that the accounts must be confirmed by the responsible finance officer (RFO) has not been amended.

### **5. 2019/20 Statement of Accounts - Progress**

- 5.1 In response to the burdens placed on the Council by the Covid-19 pandemic and acknowledgement of the MHCLG extension to the statutory deadlines for publication. The Council considered its position and decided to extend the deadlines to complete both the revenue & capital outturn position and the production of the unaudited 2019/20 Statement of Accounts.
- 5.2 Although some delays have been experienced in meeting the revised timeframes due to the challenges and pressures experienced from Covid-19, the Council anticipates the production of the unaudited 2019/20 Statement of Accounts will be concluded by 31 July 2020, one month ahead of the revised statutory deadline of 31 August 2020.
- 5.3 The revised timetable was shared with the auditors and in agreement, the commencement of the audit was deferred until the 13 July 2020, whilst the unaudited 2019/20 Statement of Accounts were unavailable at this date, the Council has made available completed working papers to the auditors to facilitate the commencement of the audit.

## **6. 2020/21 Audit Fee Scale**

- 6.1 In July 2016, the Secretary of State specified the Public Sector Audit Appointments (PSAA) as an appointing person for Local Authorities audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. From 2018/19 the PSAA is responsible for appointing an auditor and setting scales of fees for relevant local authorities that chose to 'opt in' the national scheme.
- 6.2 In December 2016, Full Council, on the recommendation of the Audit Committee meeting November 2016, agreed to Accept the Public Sector Audit Appointments (PSAA) invitation to 'opt in' to the sector led body option for the appointment of external auditors for 5 financial years commencing 1 April 2018.
- 6.3 The PSAA is required by s16 of the Local Audit (Appointing Person) Regulations 2015 (the Regulations) to set the scale fees by the start of the financial year. The PSAA published the 2020/21 scale fees on the 31 March 2020, well ahead of the detailed audit work on 2020/21 but also the vast bulk of work on 2019/20, as such the PSAA did not have sufficient reliable information to adjust the scale of fees from the level set for 2019/20.
- 6.4 The 2020/21 scale fee is £128,269 (2019/20 scale fee £128,269)
- 6.5 In a letter addressed to the Section 151 Officer and Audit Committee Chair dated 30 April 2020, it should be noted, the PSAA states that it does not expect the final audit fee to remain at that level for most if not all bodies because of a variety of change factors, the impact of which cannot be accurately or reliably estimated at this stage.

## **7. Financial**

- 7.1 Audit fee scale outlined in the body of the report

## **8. Legal**

- 8.1 Compliance with both the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

## **9. Value For Money**

- 9.1 None

## **10. Sustainability Impact Appraisal**

- 10.1 None

## **11. Risk Management**

- 11.1 None

## **12. Community Safety**

- 12.1 None

## **13. Links to the 3 Key Priorities for the Borough**

- 13.1 None

## **14. Equalities, Human Rights and Community Cohesion**

- 14.1 None

**15. Staffing/Workforce and Accommodation implications**

15.1 None

**16. Property and Assets**

16.1 None

**17. Any other implications**

17.1 None

**18. Consultation**

18.1 None

**19. Timetable for Implementation**

19.1 None

**20. Appendices**

20.1 None

**21. Background Information**

21.1 Background papers:

Accounts and Audit Regulations 2015

Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

Local Audit and Accountability Act 2014

Local Audit (Appointing Person) Regulations 2015

PSAA 2020/21 Audit Fee Scale (Opted-in Local Government, Fire and Police Bodies)

## Consultation

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent to consultee</b>	<b>Date response received</b>	<b>Comments appear in paragraph:</b>
<b>Internal</b>				
Ross Brown	Chief Finance Officer	16/07/20	16/07/20	-
Helen Harris	Director of Legal & Democratic Services	17/07/20	17/07/20	-

## Report History

<b>Decision type:</b>	<b>Urgency item?</b>
For information	No
Report no.:	Report author and contact for queries:
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