



Report for:
DECISION

Item Number:

Contains Confidential or Exempt Information	No
Title	Accounts and Grants Audit Update 2018/19
Responsible Officer(s)	Ross Brown, Chief Finance Officer
Author(s)	Simon Peet, Head of Technical Finance Louisa Fearnley, Principal Accountant (Financial Control)
Portfolio(s)	Councillor Bassam Mahfouz - Finance and Leisure
For Consideration By	Audit Committee
Date to be considered	04 March 2020
Implementation Date if Not Called In	N/A
Affected Wards	All
Area Committees	All
Keywords/Index	Governance, Audit, Final accounts

Purpose of Report:

To provide an update on the 2018/19 Statement of Accounts and Deloitte's external auditor report (ISA260).

To provide an update on the 2018/19 grants and returns audit work undertaken by Deloitte.

1. Recommendations:

Audit Committee is asked to:

- 1.1 Note Deloitte's verbal update on the 2018/19 audit;
- 1.2 Note Deloitte's verbal update on the 2018/19 audit work on Grants and Returns.

2. Reason for Decision and Options Considered

- 2.1 This is a report for information; no decision is required.
- 2.2 In July 2019, the Audit Committee agreed the following:
 - Delegated Authority to the Chair of the Audit Committee, following consultation with Councillor Young, to sign off the Council's 2018/19 Statement of Accounts if the statement is unqualified; and for the London Borough of Ealing's Pension Fund Accounts as Audited once external auditors have confirmed completion of the 2018/19 Audit.
 - Delegated authority to the Chair of the Audit Committee and the Chief Finance Officer, following consultation with Councillor Young to sign the Letter of Representations upon completion of the 2018/19 audit.
 - Delegated authority to the Chair of the Audit Committee to agree an extension to the Audit beyond the 31st July 2019 deadline in the event the Audit cannot be completed by 31st July 2019.

3. Report to Those Charged with Governance (ISA260) 2018/19

- 3.1 Deloitte will provide a verbal update on their progress with the 2018/19 audit.
- 3.2 At the time of writing this report, Deloitte propose to issue:
 - An unqualified audit opinion for the Council's Financial Statements 2018/19.

- An unqualified Value for Money conclusion for Ealing Council 2018/19.

4. Financial implications

- 4.1 Deloitte's original fee for the main council audit was £128k. Based on the additional hours incurred to complete the audit, Deloitte estimate the additional fee associated with the 2018/19 audit to be £138k.

	Original budgeted fees	Additional fees	Total 2018-19 audit fees
Council audit fees	128.3	138	266.3
Pension fund audit fees	16.2		16.2
Audit of unconsolidated subsidiary	12		12
Total audit	156.5	138	294.5
Grants and returns audit fees	36.2		36.2
Total fees	192.7	138	330.7

5. Legal

- 5.1 The Statement of Accounts are to be audited in accordance with the Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014. Deloitte are the auditors appointed to carry out this function for the financial year 2018/19 in accordance with the Act and Regulations.
- 5.2 The Accounts and Audit (England) Regulations 2015 refer to CIPFA guidance in relation to the 'proper practice' of internal audit. CIPFA guidance is therefore used in guiding the compilation of the Annual Governance Statement. CIPFA's original proper practice required the most senior officer (Chief Executive or equivalent) and the most senior member (Leader or equivalent) to sign the statement. This is also required by the CIPFA/SOLACE framework for the AGS.
- 5.3 Under section 151 of the Local Government Act 1972 every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. In Ealing this function is carried out by the Chief Finance Officer.

6. Value For Money

- 6.1 At the time of writing, the external auditors propose to issue an unqualified Value for Money conclusion.

7. Risk Management

- 7.1 The audit of the Council's annual statement of accounts is carried out to minimise risks and ensure that statutory obligations are met. The audit also provides assurance that the accounts have been properly produced and are free from material error.
- 7.2 The preparation of the Annual Governance Statement has been explicitly linked to the risk management framework within the Council. One of the key principles of good governance is 'taking informed, transparent decisions and managing risk'. Strong governance should minimise officer distraction from key corporate objectives as a result of governance failure(s).

8. Community Safety

- 8.1 None.

9. Links to Strategic Objectives

- 9.1 The Council's accounts form a key part of working towards the Council priority of 'delivering value for money'. The production and publication of the Statement of Accounts provides valuable information to the residents of the Council and to its suppliers.

10. Equalities and Community Cohesion

- 10.1 Not required.

11. Staffing/Workforce and Accommodation implications:

- 11.1 None.

12. Property and Assets

- 12.1 None.

13. Any other implications:

- 13.1 None.

14. Consultation

- 14.1 An advertisement was placed on the Council's website on 03 June 2019 stating that the accounts were open for public inspection during a 30-working day period from 3 June to 16 July 2019.

14.2 The Council is committed to publishing its accounts in a way that is accessible to the public. The unaudited accounts are available to the public on the Council's website. The audited version of the accounts will be published on the Council's website in once the external audit is complete.

15. Timetable for Implementation

15.1 None.

16. Background Information

16.1 The information used in preparing the Statement of Accounts is prepared by the Finance service during the closing of the accounts process and papers are available in these sections.

- The CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.
- The Annual Governance Statement: meeting the requirements of the Accounts and Audit Regulations – *Rough Guide for Practitioners* - CIPFA Finance Advisory Network.

Consultation

Name of consultee	Department	Date sent to consultee	Date Response received from consultee	Comments appear in report para:
Ross Brown	Chief Finance Officer			-
Helen Harris	Director of Legal & Democratic Services			-

Report History

Decision type:			
For information and action	Urgency item?		
Authorised by Cabinet member:	Date report drafted:	Report deadline:	Date report sent:
Report no.: Report author and contact for queries: Simon Peet Head of Technical Finance 020 8825 6008			

