

## AUDIT AND STANDARDS COMMITTEE

3 February 2020

<b>Title:</b> Progress update on External Audit of 2018-19 Accounts	
<b>Report of the Chief Operating Officer</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None.	<b>Key Decision:</b> No
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<b>Accountable Director:</b> Claire Symonds, Chief Operating Officer and S151 Officer	
<b>Summary:</b>  <p>Further to the report to this Committee in July, the Audit of the Council's draft accounts is still ongoing. There have been a notable number of adjustments to the accounts due to misstatements in the draft accounts identified through the testing undertaken by our new external auditors BDO, consequently the audit is taking longer than expected. This is partly due to the complexities of the Council's Group structure, with the Group Accounts consolidating more than 10 subsidiaries.</p> <p>The Council has, where applicable, accepted amendments to the accounts and, subject to further work, is on track to achieve an unqualified opinion both for the Statement of Accounts and the Value for Money Conclusion.</p>	
<b>Recommendation</b>  <p>The Audit and Standards Committee is recommended to delegate authority to the Chief Operating Officer, in consultation with the Chair, to make any material changes to the draft accounts that may be agreed with the Council's external auditor and to complete the sign off process.</p>	
<b>Reason(s)</b>  <p>It is a statutory obligation for the Council's Statement of Accounts to be produced and audited in accordance with the timetable as set out in the Audit and Accounts Regulations 2015, and that the Statement of Accounts and the Annual Governance Statement must be approved by a Committee of the Council.</p>	

## **1. Introduction and Background**

- 1.1 The draft Statement of Accounts 2018-19 was approved by the Audit and Standards Committee on 28 July of this year. The external audit of the accounts is still ongoing and all parties involved endeavour to have the audit completed as soon as is practically possible.

## **2. Audit of Accounts**

- 2.1 Following certification by the Chief Operating Officer by the 31<sup>st</sup> May 2019 the draft accounts have been subject to detailed and rigorous review by the Council's external auditors, BDO. The audit is still being completed.
- 2.2 During the audit of the main statements, there have been a significant number of amendments made to the Group Accounts. It is the first year the Council has produced a set of Group Accounts consolidating several subsidiaries. Given there have also been adjustments to the subsidiaries' accounts, including a prior period adjustment in the Be First accounts, these are being reflected in the revised Group Accounts.
- 2.3 BDO will provide the Committee with an update setting out their current position in regards to the external audit of the accounts at this meeting.
- 2.4 The Council, along with BDO, will endeavour to complete the audit as soon as possible. Though it should be noted that although there may be a delay there is currently no suggestion that the accounts will be qualified and the Council is aiming for an unqualified opinion, hence the time taken to get the accounts right.
- 2.5 The Committee's workplan for this meeting had included an item on preparation for the 19/20 audit. As the current audit is still ongoing, this work has not been completed, but conversations have been had with BDO to start to develop a realistic and resourced plan for the coming year with an agreed and achievable time line.

## **3. Pension Fund**

- 3.1 BDO audit work on the Pension Fund is complete, although as the Pension Fund Accounts form part of the Council's Statement of Accounts, it will not be concluded until the main accounts' audit is also complete. There are no significant issues from the Pension Fund Accounts audit to report, the detailed results of this audit were presented to the last meeting of this Committee.

## **4. Value for Money Conclusion**

- 4.1 Work by BDO on the Value for Money Conclusion is ongoing and the conclusion cannot be finalised until the main accounts audit is complete. A further update by BDO will be made at the Committee but again there is no indication that this will not be unqualified.

## **5. Audit of Council's Subsidiaries**

- 5.1 The External Audit (also BDO) of BDSIP, Be First and BDTP has been completed and the accounts have been filed with the Companies House. All were given a clean bill of health by BDO (unmodified opinion). Both Reside entities and B&D Energy Ltd are expected to follow by end of this month.

## **6. Publication of the Statement of Accounts**

- 6.1 Once BDO provide their formal opinion on the accounts and gives the certificate of closure for the audit, the accounts will then be placed on the Council's website.

## **7. Financial Implications**

- 7.1 These have been addressed in the body of the report.

## **8. Legal Implications**

- 8.1 The Local Audit and Accountability Act 2014 (the '2014 Act') requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit Regulations 2015 (the 'Regulations'). Regulation 9 sets out a timetable and requires certification by the Council's responsible finance officer of the statement and then consideration by a committee to consider the statement and approve by resolution.

**Public Background Papers used in the Preparation of the Report:** None

**List of appendices:** None.