



Report To: Audit and Governance 9th July 2020

Lead Cabinet Member(s): Councillor John Williams,
Lead Cabinet Member for Finance

Lead Officer: Peter Maddock, Head of Finance

COMPLETION OF THE 2017/18 AUDIT OF THE ACCOUNTS

Executive summary

1. The 2017/18 Accounts audit has now been completed and the accounts need to be approved and issued as the final version.

Recommendation

2. **To approve the 2017/18 Statement of Accounts (attached) in the expectation that an unqualified audit opinion will be issued by the external auditors in due course.**

Background information

Introduction

3. The audit of the 2017/18 accounts has now completed some two years after the year in question ended. There have been significant issues both for the Council and the external auditors but thankfully this process has now completed and we are in a position to approve these accounts as the final set for 2017/18. They will then be signed by the auditors and published on the Council's web site immediately after. The accounts themselves immediately follow this report.

2017/2018 Accounts

4. Without going into too much detail and not wishing to cover the same ground as in the December 2019 meeting the 2017/18 accounts have now been finalised and signed by myself and the Chair of this committee.
5. Since before the December meeting a dedicated officer has been working on bringing the 2017/18 accounts process to a conclusion and despite some resource issues and the need for the auditors to finalise the 2018/19 Housing

Benefit audit, the Council and the Auditors were at last able to agree the final set of figures for the 2017/18 accounts just prior to the lock down in March.

6. The lock down has brought it's own challenges to the Council and indeed the auditors but the real additional delay for the accounts has been the need to include narrative in the 2017/18 accounts in relation to the Covid-19 outbreak. Whilst it may seem strange to include notes in a set of accounts relating to a period that ended nearly two years before the current crisis, The Accounting and Audit Regulations are clear that some narrative must be included in final accounts where something significant occurs after the balance sheet date that could potentially affect the council going forward and this means potentially looking forward a further year from the date the accounts are signed, i.e July 2021. It would be difficult to argue that Covid-19 has not had a significant effect on the Council and therefore some narrative has been included both as an event after the balance sheet date and on the going concern concept as part of the accounting policies note.
7. A further aspect of the lockdown was that a moratorium on the issue of audit reports was introduced for a time and following the lifting of that an additional consultation process was introduced by the audit firms to satisfy themselves that they are providing the right level of assurance. This has meant additional work being carried out by the Council during May but much of the work done to provide the additional audit assurance has been used to inform the information requirements of Central Government in relation to the financial returns for Covid-19 additional costs and lost income exercises anyway.
8. Having said that this process has now been concluded and the accounts are therefore presented for approval following which the Auditors will sign the accounts and they can then be published on the Council's website.
9. If there are any questions regarding the accounts myself and my colleague Michael Millar will be available to answer these. Michael has been responsible for driving this process forward since December and he and staff from Ernst and Young have worked hard to bring this process to a conclusion.

2018/2019 and 2019/20 Accounts

10. The next stage is to complete the 2018/19 accounts. Now we have an agreed starting position the final consolidation of the 2018/19 accounts can be completed and presented for audit once we are satisfied that they will stand up to audit and also importantly have sufficiently robust working papers to support the transactions therein. The audit of these accounts is due to commence in September 2020 so it will be necessary to convene a further Audit and Governance committee in advance of that to approve the draft accounts.
11. The 2019/20 accounts are also being completed in tandem with the 2018/19 consolidation however these will be completed prior to an opinion being

issued on the 2018/19 accounts. If we wait until an opinion on the 2018/19 accounts is issued before completing the 2019/20 accounts it is unlikely that we will be back on track for the 2020/21 accounts which would not be acceptable. There is clearly therefore a risk that an amendment to the 2018/19 accounts may be required which would then have a knock on effect to the 2019/20 accounts but we would need to deal with that when and if the situation arose.

Summary Position

12. The 2017/18 accounts have now been completed and an unqualified opinion is expected to be given on those accounts. The Committee now needs to approve the accounts before they are signed by the external auditor and publishing on the website. With regard to 2018/19 and 2019/20 these accounts are in the process of being prepared and will be audited in due course with a view to getting things back on track for the 2020/21 accounts process.

Options

13. The other option would be not to approve the 2017/18 accounts. Which of course could not be recommended.

14. Implications

15. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Legal

16. There is a requirement under the Accountancy and Audit Regulations for Council's to present their accounts for the preceding financial year for audit by 31st of May each year and for those accounts to be audited and published by 31st July each year. There has been an extension granted for 2019/20 accounts procedures but this is largely academic as regards South Cambs.

Financial

17. Timely and robust consideration of the Council's budgets is vital to ensure that financial statements are correctly stated, financial procedures are followed and that the financial position of the Council is effectively managed and monitored.

Risk

18. There is a risk that the financial statements are incorrectly stated with consequential impacts. This is still a significant risk going forward but with a

dedicated experienced resource now tasked with accounts completion for both 2018/19 and 2019/20 the risk should be mitigated to an extent.

Environmental

19. There are no environmental implications arising directly from the report.

Equality Analysis

20. In preparing this report, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. It is considered that the report has no relevance to South Cambridgeshire District Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation. An equality analysis is not needed.

Background Papers

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information England) Regulations 2012 require documents to be open to inspection by members of the Public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) In the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

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