

Joint Audit and Governance Committee



Listening Learning Leading



Report of Head of Finance

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Wards affected: all

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To: Joint Audit and Governance Committee

DATE: 14 October 2019

Statement of accounts 2018/19

Recommendation

- (a) The statement of accounts for South Oxfordshire District Council and Vale of White Horse District Council for 2018/19 be approved as amended
- (b) The statement of accounts for South Oxfordshire District council be signed by the chairman of this meeting of the committee and by the co-chairman from South Oxfordshire District Council
- (c) The statement of accounts for Vale of White Horse District Council be signed by the chairman of this meeting
- (d) To authorise the Head of Finance to agree minor changes identified by the external auditor to the statements of accounts following this meeting, and to ask the chairman and co-chairman of this meeting to sign an amended version of the accounts if required that reflects those changes
- (e) To agree, in the event of significant changes being identified by the external auditor following this meeting, that the statements of accounts be brought to a further meeting of this committee

Purpose of Report

1. To consider the processes involved in the production of the statements of accounts for both councils and to approve the final versions for 2018/19, subject to satisfactory completion of external audit's review of the accounts.

Strategic Objectives

2. The allocation of financial resources needs to match the objectives agreed by the council. The statement of accounts details these resources as at the end of the financial year.

Background

3. The Strategic Finance Manager & Deputy Section 151 Officer approved the 2018/19 statements of accounts for external audit of South Oxfordshire District Council on 10 June 2019 and Vale of White Horse District Council on 7 June 2019. The external audit of those statements by EY is now substantially complete and is expected to be finished by 18 October.
4. The draft accounts prepared for external audit were approved after the statutory deadline of 31 May. This delay was due to the need for corrections to be made to the statements that were prepared by the Capita financial accounting team. Separately, the councils were advised on 13 June by EY that, due to their own resourcing issues, they would be unable to complete the audit of the accounts by the statutory deadline of 31 July and the audit would be rescheduled. The audit of the accounts began on 2 September. As members may be aware, the councils are not alone in having a delay to the external audit of the accounts, as nationally 40 per cent of council accounts were not signed off by the statutory deadline.
5. Subsequent to the approval of the draft accounts, and prior to the audit commencing, a thorough, qualitative review of the draft accounts was undertaken by the Capita financial accounting team. The accounts circulated with the agenda reflect changes following this review and are the accounts that were provided to EY to audit when they started on site in September. They are also the accounts that provided the basis of the informal training session for members ahead of this committee.
6. Attached as appendix 1 to this report is a schedule of changes to these revised accounts that have been identified by EY during the course of their audit work so far. This schedule, also discussed during the informal training session should, therefore, be read in conjunction with the draft accounts.
7. As the external audit process is not complete, a latest version of the accounts will be signed. Committee is therefore asked to agree that, following this meeting, if minor changes to the accounts are identified by EY and agreed by the Head of Finance, then the chairman and co-chairman of this committee will sign amended versions of the accounts as required. In the event that, following this meeting, more significant issues arise with the accounts then the accounts will not be published, but will have to be brought back to a future meeting of this committee.
8. Looking ahead to next year's accounts, the delays in approving the draft accounts received from the Capita financial accounting team have been escalated with

Capita. They have since brought in additional, qualified local government accountants to support the Mendip based team, and a review of resources working on financial management is being carried out.

9. The current statutory deadlines of 31 May for approving draft accounts, and 31 July for completion of the external audit, are extremely challenging. The issues experienced this year in achieving these deadlines nationally will, amongst other matters, be the subject of a government “Review of local authority financial reporting and external audit”.

Financial Implications

10. There are no direct financial implications arising from this report.

Legal Implications

11. Approval of the amended statement of accounts by the committee fulfils the requirements of the Accounts and Audit (England) Regulations 2015.

Risks

12. None

Other Implications

13. None

Conclusion

14. The audit of the 2018/19 statements of accounts is now substantially complete and, following their approval they can be published.