

Appendices:



**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Statement of Accounts 2018-19 &amp; 2019-20 Progress</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	14 December 2020
<b>Policy Document:</b>	Statement of Accounts
<b>Directorate:</b>	Chief Finance Officer
<b>Accountable Cabinet Member:</b>	Cllr Brandon Eldred

### 1. Purpose

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1.1 This report updates the Audit Committee with progress on auditing the Statement of Accounts for 2018-19 and the current position with the Statement of Accounts for 2019-20.

### 2. Recommendations

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2.1 That the Committee notes the progress made with the audit of the draft Statement of Accounts for 2018-19.

2.2 That the committee notes the current position with the draft Statement of Accounts for 2019-20.

### 3. Issues and Choices

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#### 3.1 Report Background

3.1.1 The draft Statement of Accounts for the 2018-19 financial year was submitted to this Committee on 29 July 2019.

3.1.2 EY, the new external auditors, commenced initial audit work in December 2019 and a significant amount of work was undertaken in the first quarter of 2020. EY presented their audit plan to the Committee in February 2020 and then reported to the Committee in June 2020 that they had encountered

challenges on the audit and hoped to return to complete the audit in October 2020.

3.1.3 The Committee received a further update at their October meeting confirming that EY were working with officers to complete the audits for both 2018-19 and 2019-20 by 31 March 2021.

3.1.4 EY recommenced the audit of the 2018-19 accounts at the beginning of November 2020.

### **3.2 Progress with the Audit of the Statement of Accounts for 2018-19**

3.2.1 There has been a significant amount of work undertaken during November 2020. At the point of writing, a total in excess of 400 requests for information have been raised by EY during the course of the audit since December 2019, of which approximately 70 have been actively worked on by the Integrated Closedown Team, the Finance Business Partnering Team and other specialist teams within the Council over the last month.

3.2.2 Areas worked on by EY over the last month have included the Housing Revenue Account, the Collection Fund, Council Borrowings, Pension information, Creditors, Debtors, Employee Costs, Expenditure and Income samples and Property, Plant and Equipment balances.

3.2.3 EY continue to review the information provided previously and new information provided in November. To date in excess of 1,000 separate documents have been provided to EY in answer to their requests which they are reviewing.

3.2.4 Weekly review meetings are being held between representatives from EY, the Integrated Closedown Team and the Finance Business Partnering Team to review progress. EY are reporting steady progress, with a number of areas already cleared, work commencing as planned and some work commenced in advance of the planned date.

3.2.5 Members should be aware that the EY work plan includes activity up to and including week commencing 14 December 2020. Therefore, assuming the answers to queries raised can be sourced in a reasonable timeframe, the majority of the audit field work should be completed by Christmas. However, there will then be a period of manager and partner review to be undertaken by EY in the new year.

3.2.6 Whilst EY undertake their internal review processes, the Integrated Closedown Team will need to process all agreed adjustments and produce a revised draft set of accounts. This will need to be reviewed by EY to confirm that it encompasses all expected changes. Once this process is completed, it will be possible to bring the final version of the accounts back to the committee for approval.

3.2.7 EY are in the process of producing a more detailed timetable to encompass these final stages for the 2018-19 accounts and to include the full timeline for the audit of the 2019-20 accounts. The 2019-20 audit is also being discussed

with the West Northants Council Section 151 Officer (designate) as it may cross 31 March 2021.

### **3.3 Draft Statement of Accounts 2019-20**

3.3.1 The first draft of the 2019-20 accounts were considered by the Committee at their meeting on 26 October 2020. Following the meeting the accounts were formally authorised to be issued by the Chief Finance Officer and were published on the Council's website on 2 November 2020.

3.3.2 Public Inspection of the accounts formally opened on 2 November 2020 and is running for a six-week period to 11 December 2020.

### **3.4 Next Steps**

3.4.1 EY will complete the final stages of the audit work over the next few weeks and will then move to their review process.

3.4.2 The draft Statement of Accounts for 2018-19 will be updated for all agreed changes once the audit fieldwork is completed and the changes will be verified with EY. The accounts will then be brought to a meeting of this committee for approval.

3.4.3 The draft Statement of Accounts for 2019-20 will be updated once the audit of the 2018-19 accounts is completed as the prior year comparator figures used are currently based on the draft accounts for that year. The revised draft accounts will be passed to the auditors to enable them to commence their audit as soon as is practical.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 There are no specific policy implications from this report.

### **4.2 Resources and Risk**

4.2.1 There is a resource implication in ensuring that the finance team and other teams required to support the audit process are available to support the delayed audit process. This will place additional demands on staff time due to the audit of both years taking place at a non-standard time in the year. This may lead to additional costs through the retention of external resources supporting the teams.

### **4.3 Legal**

4.3.1 The actions proposed in this report will enable the Council to meet its statutory requirements of finalising its 2018/19 and 2019/20 Statement of Accounts.

### **4.4 Equality**

4.4.1 There are no specific equality implications from this report.

#### **4.5 Consultees (Internal and External)**

4.5.1 The Audit Committee will be the main consultee as part of the accounts and audit process. In addition, the Council has published the accounts for public inspection for a period of 6 weeks.

#### **4.6 Other Implications**

4.6.1 None specifically.

### **5. Background Papers**

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5.1 None

**Jean Stevenson**  
**Interim Senior Finance Business Partner for Closedown**

**Stuart McGregor**  
**Chief Finance Officer (Section 151 Officer)**