

REPORT TO: **AUDIT AND STANDARDS COMMITTEE**

DATE: **5 OCTOBER 2021**

TITLE: **AUDITED ANNUAL ACCOUNTS FOR 2018/19**

LEAD OFFICER: **SIMON FREEMAN, DEPUTY CHIEF EXECUTIVE
AND DIRECTOR OF FINANCE (01279) 446228**

RECOMMENDED that:

- A** Upon consideration of the Auditor's Results Report earlier in the agenda, the Committee approves the latest 2018/19 Statement of Accounts presented as Appendix 1 to this report.

BACKGROUND

1. The Statement of Accounts is an important part of the Council's overall financial control and reporting environment which must be presented to an appropriate Committee of the Council and approved to comply with the requirements of the accounting regulations.
2. The draft statement was published on the Council's website on 31 May 2019, has been available on the Council's website since that date and was available for public inspection between 3 June 2019 and 12 July 2019 inclusive.
3. The appointed External Auditor, BDO LLP, has been carrying out the annual audit since June 2019. By the time this Committee meets, the audit will have been concluded. The External Auditor will provide Members of the Committee with a report on their findings.

ISSUES/PROPOSALS

Change of Auditors

4. 2018/19 is the first year that BDO had audited the Statement of Accounts, for Harlow, previously the Auditors had been Ernst & Young LLP.

Resourcing issues

5. BDO and the Council have both experienced and are still experiencing staff related issues, which has contributed to the elongation of the 2018/19 Audit process.
6. These issues are continuing and currently BDO are unable to confirm exact dates for the 2019/20 and 2020/21 Audits to restart.

7. During the 18/19 Audit there has been six different Officers responsible for updating the Statement and liaising with BDO to produce the final version. This in itself has caused a number of contributing issues.

Covid and the Impact on the Audit

8. In March 2020 when the first covid lockdown began, the way the audit was conducted had to change and has by necessity become a predominantly remote and virtual process rather than the traditional hands on activity with onsite presence. Inevitably this has impacted on the time it takes to resolve queries and the length of the Audit.
9. A new requirement has also been placed on authorities in relation to Covid with the need to consider the impact of Covid and the future sustainability of the Council resulting from the pandemic.

Working Papers and identified issues

10. The comments raised in BDO's report in relation to the quality, format and the time it has taken to verify the numbers are noted.
11. Changes will be made to ensure that points raised and lessons learned are actioned and improvement made to both the working papers and working practices.

Technical Accounting Treatment of Pensions

12. In June/July 2021 during the final checks that BDO had been performing, some 'technical' queries were raised in relation to the accounting treatment of Keir Harlow – when the JVCo ended and HTS was formed.
13. These technical issues required the council to consult with the Actuaries and to commission technical support and a consultation piece from CIPFA, around the very specific nature of BDO's queries.
14. This very specialist piece of Consultation work became elongated, due to lack of resources (by CIPFA), the call on the available resource, holidays period of sickness and missed deadlines. This was also coupled with the availability of BDO's auditors, their technical team and again availability.

Re-mapping all adjustments

15. Given the issues already outlined in relation to the number of officers that have been responsible for updating the statements and the exceptionally long audit period it was necessary to produce a complete mapping exercise from the original draft set of 18/19 accounts to final version after the Kier Harlow pensions issues had finally been agreed.

16. This exercise proved to be more difficult than anticipated and ultimately required a complete rebuild based on the Auditors Adjustments for both 17/18 and 18/19 to be undertaken, this mapping identified additional errors and discrepancies.
17. In conjunction with BDO, all the adjustments and errors were worked through until a final version that mapped all changes and cast them correctly had been produced.
18. The statement being presented to the Committee now contains all the agreed changes and has been agreed by BDO.

IMPLICATIONS

Strategic Growth and Regeneration

None Specific

Author: Andrew Bramidge, Director of Strategic Growth and Regeneration

Finance

The production and reporting of the Annual Statement of Accounts is a statutory responsibility and, pending completion of the audit, the latest statements for 2018/19 are appended to this report.

Author: Simon Freeman, Deputy to the Chief Executive and Director of Finance

Housing

None Specific

Author: Andrew Murray, Director of Housing

Communities and Environment

None Specific

Author: Jane Greer, Director of Communities and Environment

Governance and Corporate Services

None Specific

Author: Simon Hill, Director of Governance and Corporate Services

Appendices

Appendix 1 – Audited Statement of Accounts 2018/19

Background Papers

All Final Accounts Working Papers held by Accountancy, which have been open to public inspection as required under the Accounts and Audit Regulations 2015.

Glossary of terms/abbreviations used

None.