

Wiltshire Council

Audit and Governance Committee

28 April 2021

Subject: Statement of Accounts 2019/20 update

Executive Summary

This report presents the final Statement of Accounts 2019/20 and provides an update on the amendments made since the draft accounts were published.

Proposal(s)

It is recommended that Audit & Governance Committee note the updated position on the Statement of Accounts 2019/20.

Reason for Proposal(s)

The responsible financial officer is required to gain approval and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings. The statutory deadline for the 2019/20 Statement of Accounts approval was 30 November 2020.

Andy Brown

Corporate Director for Resources & Deputy Chief Executive (S.151 Officer)

Wiltshire Council

Audit and Governance Committee

28 April 2021

Subject: Statement of Accounts 2019/20

Purpose of Report

1. This report presents the final Statement of Accounts 2019/20 and provides an update on the amendments made since the draft accounts were published following the delay in expected receipt of the final audited accounts from November 2020. It also sets out some of the actions taken to address the weaknesses within the previous accounts processes and the limited technical capacity and experience of resources within the council.

Relevance to the Council's Business Plan

2. The responsible financial officer is required to gain approval and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

Background

3. The Statement of Accounts for the financial year 2018/19 was presented to Audit and Governance Committee for final approval at its meeting on 18 November 2020 following an extended audit process.
4. During this meeting it was agreed to defer the approval of the 2019/20 accounts to the Audit and Governance Committee meeting on 10 February 2021 as the audit process had not been completed to conclusion. This was in part due to the focus on progressing the resolution of outstanding audit queries and bringing the audit of the 2018/19 accounts to conclusion, as well as recognising the limited technical capacity and experience of resources within the council at the time and the difficulties in progressing the audit process remotely.
5. During the latter part of December 2020, it became apparent that a significant proportion of audit queries on the 2019/20 accounts remained outstanding. As a result, a report was presented to the Audit & Governance Committee at its meeting on 10 February 2021 setting out the challenges and requested that a further delay be approved, with a commitment to bring the accounts to the meeting on 28 April 2021, which was agreed.

Steps taken

6. As previously reported a new officer has been appointed as Chief Accountant and started in post on 25 January 2021. In addition to this an experienced local government resource has been appointed through an agency for a short-

term period to support resolution of the outstanding issues on the accounts. This has provided greater confidence that resources within the council are able to deliver the work to the standard required to bring the accounts and audit process to conclusion.

7. A full review has been undertaken in liaison with Deloitte and all outstanding audit queries responded to and evidence provided. At this point there is only one query that remains outstanding which is below 'triviality' thresholds so will not affect the accounts. Alongside this review of outstanding audit queries a full internal quality assurance check has been carried out to ensure no material errors or misstatements are present in the 2019/20 accounts.
8. In preparation for the 2020/21 accounts process a review has been undertaken and a detailed 2020-21 closedown timetable has been developed which includes working paper requirements mapped to the financial statements and disclosure notes. This process has highlighted a misstatement associated with the financial arrangement for the funding of Monkton Park, which has previously been disclosed as a PFI arrangement incorrectly. This misstatement is estimated to understate the value of the loan liability shown on the balance sheet of approximately £4m. Due the late identification of this misstatement it will not be adjusted for in the accounts but will be corrected in 2020/21.
9. Meetings have occurred between the section 151 officer and the audit partner to ensure full oversight of the audit process and to maintain strategic focus and ensure priority remains for this work. An updated set of accounts has also been presented to the auditors following the reviews noted above.
10. The audit process is substantially complete now however progress is expected to be slow over the coming month due to Deloitte's commitments to other clients. It is not anticipated that the audit review processes will be complete and reporting finalised until mid-July and therefore the expectation is that the final audited accounts will be presented to this committee at its next meeting on 21 July for approval.

Improvement plan of action

11. Attached in Appendix A is a table of amendments that have been applied to the accounts since they were last published as draft. As can be seen the range and number of errors and misstatements is larger than we would wish to see, and they are not contained to one area. There is therefore a need for focused development to address the weaknesses within the previous accounts processes and the limited technical capacity and experience of resources within the council. A comprehensive improvement plan is under development and it will cover areas including setting expectations and standards, sharing knowledge and experience across team members, and will also include additional training and development for the team and addressing the capacity in this technical accounting area. Some training has already been undertaken.

Overview and Scrutiny Engagement

12. No overview and scrutiny engagement has taken place due to the statutory nature of the annual accounts process and those charged with governance i.e. Audit and Governance Committee, are responsible for the review and approval of all matters concerning the annual accounts.

Safeguarding Implications

13. There are no safeguarding implications associated with this report.

Public Health Implications

14. There are no public health implications associated with this report.

Procurement Implications

15. There are no procurement implications associated with this report.

Equalities Impact of the Proposal

16. There are no equalities impacts arising from this report.

Environmental and Climate Change Considerations

17. There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

18. The annual accounts are required to be approved as part of the overall statutory requirement of the annual accounts process. If the accounts and audit process is not finalised the process for 2019/20 will not be able to be concluded and it may impact on the ability to progress the accounts and audit process for 2020/21.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

19. Additional work has taken place by both council and audit staff to address the outstanding audit queries and complete the audit process. The audit is a statutory function and accounts must be prepared in accordance with regulation to represent a true and fair view of the financial position of the council.

Financial Implications

20. The financial implications have been set out in the body of this report. As with 2018/19 the extended time to complete the audit is likely to result in additional audit fees being incurred. As stated above, additional local government technical financial accounting experienced resource has been sourced through an agency for short-term support to address to conclusion the 2019/20

accounts and audit, to address the outstanding technical historic account balances issue which resulted in the 'except for' qualification of the 2018/19 accounts in time for the lifting of this 'except for' qualification for the 2020/21 accounts process, and to also support the development and training of team through the production of the 2020/21 accounts process.

Legal Implications

21. There are no legal implications associated with this report.

Workforce Implications

22. There are no workforce implications associated with this report.

Options Considered

23. The responsible financial officer is required to gain approval and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

Conclusions

24. It is recommended that the Audit & Governance Committee note the updated position on the Statement of Accounts 2019/20.

Andy Brown

Corporate Director for Resources & Deputy Chief Executive (S.151 Officer)

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20 April 2021

Appendices:

Appendix A – Summary table of changes from the published Draft Statement of Accounts 2019/20

Appendix B – Final Statement of Accounts 2019/20

Background Papers

The following documents have been relied on in the preparation of this report:

Draft Statement of Accounts 2019/20