

**Annual Accounts 2018/19 (Update)**

<b>Final Decision-Maker</b>	Audit, Governance and Standards Committee
<b>Lead Head of Service/Lead Director</b>	Mark Green, Director of Finance and Business Improvement
<b>Lead Officer and Report Author</b>	Chris Hartgrove, Interim Head of Finance
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

This report updates the Audit, Governance and Standards Committee on the completion of the external audit of the Council's 2018/19 Statement of Accounts, following the Committee meeting on 30<sup>th</sup> July 2019 and includes – at Appendix 1 – the Grant Thornton (MBC's external auditors) updated Audit Findings report.

An unqualified audit opinion on the Accounts was issued by Grant Thornton on 16th August 2019. As the date of issue was beyond the statutory publication deadline of 31st July 2019, full compliance with the Accounts and Audit Regulations 2015 was not possible. The primary reason for the late opinion was the exceptional resourcing pressures experienced by the external auditors.

Full details of the audit issues and adjustments can be found in Appendix 1.

**This report makes the following recommendation to Committee:**

1. That the external auditor's updated Audit Findings Report, attached at **Appendix 1** is noted.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Audit, Governance and Standards Committee	16 September 2019

## Annual Accounts 2018/19 (Update)

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	We do not anticipate that the recommendations will by themselves materially affect the achievement of corporate priorities. However, they will support the Council's overall achievement of its aims in demonstrating accountability and value for money.	Interim Head of Finance (Deputy Section 151 Officer)
<b>Cross Cutting Objectives</b>	There are no specific implications, although sound financial management does support the delivery of the Council's cross cutting objectives.	Interim Head of Finance (Deputy Section 151 Officer)
<b>Risk Management</b>	Detailed within Section 6.	Interim Head of Finance (Deputy Section 151 Officer)
<b>Financial</b>	The Statement of Accounts provides an overview of the Council's income and expenditure, assets, liabilities and reserves for the financial year ended 31st March 2019.	Interim Head of Finance (Deputy Section 151 Officer)
<b>Staffing</b>	No implications identified.	Interim Head of Finance (Deputy Section 151 Officer)
<b>Legal</b>	The key legal point in this report is Regulation 10 of the Accounts and Audit Regulations 2015, which includes a requirement for the Council to (after approving the Statement of Accounts by 31st July) publish the Statement of Accounts together with any certificate or opinion, entered by the local auditor.	Interim Head of Finance (Deputy Section 151 Officer)

<b>Privacy and Data Protection</b>	No implications identified.	Interim Head of Finance (Deputy Section 151 Officer)
<b>Equalities</b>	No implications identified.	Interim Head of Finance (Deputy Section 151 Officer)
<b>Public Health</b>	No implications identified.	Interim Head of Finance (Deputy Section 151 Officer)
<b>Crime and Disorder</b>	No implications identified.	Interim Head of Finance (Deputy Section 151 Officer)
<b>Procurement</b>	No implications identified.	Interim Head of Finance (Deputy Section 151 Officer)

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## **2. INTRODUCTION AND BACKGROUND**

- 2.1 The Audit, Governance and Standards Committee approved the Council's Statement of Accounts 2018/19 on 30th July 2019. Most of the audit work had been completed at that point, although there were some matters outstanding if an audit opinion was to be issued on 31st July in time for compliance with the statutory publication deadline.
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## **3. AUDIT CONCLUSION AND FINDINGS**

- 3.1 Following the Committee meeting on 30th July 2019, further delays were experienced in concluding the outstanding audit work. This was primarily due to exceptional resourcing pressures experienced by the external auditors, Grant Thornton.
- 3.2 The Chair of the Committee was kept informed of the delay at all stages and an unqualified audit opinion was eventually issued on 16th August 2019.
- 3.3 The circumstances that led to the delayed opinion were not unique to Maidstone with the professional press reporting that over 40% of opinions missing the deadline nationally this year (a sharp increase from 13% for the 2017/18 financial statements).
- 3.4 The Audit Findings report presented to the Committee on 30<sup>th</sup> July 2019 identified "one adjustment to the financial statements that resulted in a £333,000 adjustment to the Comprehensive Income and Expenditure Statement". There was no impact on the General Fund outturn.
- 3.5 The updated Audit Findings report – which incorporates both the earlier and concluding audit work – identifies "two adjustments to the financial statements that resulted in a £3,531,000 adjustment to the Comprehensive Income and Expenditure Statement". Again there was no impact on the General Fund outturn. Full details are included within **Appendix 1**.
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## **4. AVAILABLE OPTIONS**

- 4.1 The report is for noting only.
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## **5. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 5.1 The report is for noting only.
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## **6. RISK**

6.1 Failure to meet the statutory publication deadline for audited financial statements would – in normal circumstances – represent a reputational risk to the Council. However, on this occasion, external audit resourcing difficulties and the resulting late audit opinions is a national problem that does not reflect on individual councils. The draft accounts were produced and published in accordance with the 31st May 2019 deadline.

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## **7. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

7.1 Members of the public have legal rights to inspect, ask questions about and challenge items in the Council's accounts. Details of this have been published on the Council's website and the statutory period ended on 12th July. No enquiries have been received in relation to this.

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## **8. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

8.1 The report is for noting only.

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## **9. REPORT APPENDICES**

9.1 The following document is published with this report and forms part of the report:

- Appendix 1: Grant Thornton "The Audit Findings for Maidstone Borough Council"
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## **10. BACKGROUND PAPERS**

10.1 None.