

Report to: Audit and Standards Committee

Date: 20 January 2020

Title: Delay to the External Audit of the 2018/19 Statement of Accounts

Report of: Homira Javadi, Chief Finance Officer

Ward(s): All

Purpose of report: To update members in respect of the delay in issuing the final and audited Statement of Accounts for the 2018/19 year

Officer recommendation: That members note and comment on the report

Reasons for recommendations: To ensure members of the Committee are aware of the technical issues as to why the final and audited Statement of Accounts has not be published

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1 Introduction

- 1.1 The Accounts and Audit Regulations 2015 state that authorities must publish unaudited statements by 31 May of the financial year immediately following the end of the financial year to which the statement of accounts relates.
- 1.2 Authorities must then publish their annual audited statement of accounts along with the auditor's opinion and report no later than 31 July of the financial year immediately following the end of the financial year to which the statement of accounts relates.
- 1.3 At the Audit and Standards Committee meeting held on 16 July 2019, the Chief Finance Officer provided an update and circulated copies of a letter sent to the Chair of the Audit and Standards Committee. The letter provided Members with an update on the current position of the Council's financial accounts. Members were advised that a number of elements had prevented the statutory date from being met. Following discussion with the Council's auditors, a decision was made to delay the completion of the accounts ensuring they were thorough and supported by sound working papers. Members were advised that the Council's new Auditors, Deloitte, welcomed the Council's offer of an Audit that already included an internal review.

2 Current position

- 2.1 Following discussions with the Council External Auditors (Deloitte), a statement regarding delay to the External Audit of the 2018/19 Statement of Accounts has been published on the Council website in compliance with Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015.
- 2.2 The statement reiterates that the external audit of the draft statement of accounts for the year ended 31 March 2019 for the Lewes District Council has not yet commenced, and that the delay was due to timing and impact of a system implementation. A copy of the statement is attached as **Appendix 1** to this report.
- 2.3 The draft completed LDC statement of accounts and other documents were sent to the External Auditor (Deloitte) on Friday, 8 November 2019. Following further discussions with Deloitte in January 2020, the Council was advised that January and February are the peak times for Deloitte business as a whole. That they have looked for team availability to perform the LDC accounts audit, and have been unable to reallocate resources given Deloitte existing commitments to other clients.
- 2.4 The rescheduling of the final audit will have implications for the Council's finance team and might present other challenges for 2019/20 closure of accounts process. This knock-on impact is currently being worked through by officers with Deloitte to ensure minimum disruption to other work commitments and internal resourcing constraints between January and March 2020.

3 Conclusion

- 3.1 The delay in the audit timetable is not unique to Lewes District Council, as number of other Councils in the Country are also expecting delays due to either auditors resourcing or technical accounting constraints.
- 3.2 A meeting of the Audit and Standards Committee is scheduled for 17 March 2020, and the Committee will be provided with an update re the audit of the Council Statement of Accounts.

4 Financial appraisal

- 4.1 There are no specific financial implications associated with this report.

5 Legal implications

- 5.1 As stated in section 1.2 above, the delay in final external audit means that Lewes District Council has not been able to meet its statutory duty of publishing a set of audited financial accounts for 2018/19 by 31st July 2019.

6 Risk management implications

- 6.1 This report is for information only. There are no risk management implications arising from the recommendations in this report.

7 Equality analysis

7.1 This report is purely for information and requires no decision from the committee. There are no equality and diversity implications arising from the recommendations in this report.

8 Appendix

8.1 Appendix 1 – Lewes District Council published (web) statements on the delay to the External Audit of the 2018/19 Statement of Accounts