

**ORIGINATOR: CHIEF FINANCE
OFFICER**

PAPER NO: AC18/20

SUBMITTED TO: AUDIT COMMITTEE – 30 JULY 2018

**SUBJECT: UPDATE ON THE AUDIT OF THE STATEMENTS OF ACCOUNTS
2017/18**

SUMMARY:

1. The statutory deadline for the sign off of the 2017/18 Statements of Accounts (31 July 2018) will not be met.
2. It will be necessary to convene an additional meeting of the Committee to receive and consider the Statements of Accounts, Annual Governance Statements, and Audit Results Report.

RECOMMENDATION:

1. The Committee is invited to consider and note the report and attached correspondence.

1. Background

- 1.1 In discussions with the external auditor, over the last week or so, it has become apparent that it will not be possible to complete the audit and for the accounts to be signed off by the statutory date of 31 July 2018.
- 1.2 As a result, there has been an exchange of correspondence between the Chief Financial Officers of Suffolk and Norfolk (similarly affected) and Ernst and Young.
- 1.3 The correspondence is attached to this report:-
 - Letter from Mark Hodgson, EY to the Suffolk CFO dated 23 July 2018
 - Letter from the CFOs of Suffolk and Norfolk to EY dated 23 July 2018 (and an Appendix).
- 1.4 The external auditor mentions finalising the audit in August or September.
- 1.5 At its meeting in September 2017, the Committee sought, and received, reassurances from Ernst and Young that the tighter deadline (sign off by end of July instead of end of September) would be achievable.

2. The Statutory Position

- 2.1 Extract from the Accounts and Audit Regulations 2015:-

Publication of statement of accounts, annual governance statement and narrative statement for Category 1 authorities

10.—(1) A Category 1 authority must, after approving the statement of accounts in accordance with regulation 9(2) but not later than 31st July of the financial year immediately following the end of the financial year to which the statement relates, publish (which must include publication on the authority's website)—

- (a) the statement of accounts together with any certificate or opinion, entered by the local auditor in accordance with section 20(2) of the Act;
- (b) the annual governance statement approved in accordance with regulation 6(2); and
- (c) the narrative statement prepared in accordance with regulation 8.

(2) Where an audit of accounts has not been concluded before the date specified in paragraph (1) an authority must—

- (a) publish (which must include publication on the authority's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the statement of accounts and its reasons for this; and
- (b) comply with paragraph (1) as if for "but not later than 31st July of the financial year immediately following the end of the financial year to which the statement relates" there were substituted "as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit".

- 2.2 In simple term we will need to publish, before the 31 July 2018, the reasons for not being able to publish the audited statements of accounts. Then we will need to publish the audited accounts "as soon as reasonably practical...."

3. Conclusion

- 3.1 It is most disappointing that the deadline will be missed given the amount of hard, professional work undertaken by the Finance Team.
- 3.2 We will seek to agree a programme of work with Ernst and Young which will enable the audit to be completed as soon as possible.
- 3.3 An additional meeting of the Committee will need to be convened to receive the Auditor's Report on the Accounts and the Annual Governance Statement.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	No
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Not applicable
Have human resource implications been considered?	Not applicable
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Not applicable
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Not applicable
Has communications advice been sought on areas of likely media interest and how they might be managed?	No – not yet.
Have all relevant ethical factors been taken into consideration in developing this submission?	Ethical considerations have been taken into account in the production of the Annual Governance Statement and the Accounts.