
REPORT AUTHOR: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: 2020/21 STATEMENT OF ACCOUNTS

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Background Papers: 2020/21 Statement of Accounts.

Implications (tick ✓):

LEGAL	✓	FINANCIAL	✓
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
ORGANISATIONAL RISK		OTHER (please specify)	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To receive at the pre audit stage the 2020/21 Statement of Accounts, including the Annual Governance Statement and to explain the position regarding external audit.

RECOMMENDATION:

That:

1. Members consider the pre external audit version of the 2020/21 Statement of Accounts and Annual Governance Statement.
 2. Members note and comment as appropriate on the delay to the external audit of accounts.
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1. Introduction

- 1.1 The Accounts and Audit Regulations 2015, ordinarily require the Treasurer to formally approve the Statement of Accounts by the end of May, following the previous financial year, then after external audit, the relevant body of the Authority is required to approve them by the end of July. The relevant body for this Authority is the Audit and Standards Committee (A&SC).
- 1.2 However, following the extensions to the accounts close dates for 2019/20 due to the pandemic, there has been a continuation of the extension for the 2020/21 accounts. These are 1st August 2021 for pre audit with the Treasurer approving them for publication and then 30th September 2021 for post external audit.
- 1.3 As noted below, the accounts will not have been audited on this occasion to enable this.

2. Early Closure

- 2.1 This is the fourth year of the early closure. The annual statement of accounts completion requirements, in accordance with the 2015 Accounts and Audit Regulations, moved from the end of June (pre audit) and September (post audit), to the end of May and July for the 2017/18 accounts onwards. As above for the second year these dates have been extended for the 2020/21 process.
- 2.2 These deadlines from a Service perspective, although significantly changed, have successfully been met again for the 2020/21 accounts. Taking advantage of the extension, the accounts were published on the 4th June 2021. This has again been achieved through effective planning and resource management. However as noted in para 3 below the audit will be delayed this year.

3. The 2020/21 Statement of Accounts and Annual Governance Statement

- 3.1 The format of the statement of accounts follows detailed guidance, as prescribed in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. The content and order of the statement can change from year to year to reflect new requirements or changes in best practice. The accounts are in the format required by International Financial Reporting Standards (IFRS).
- 3.2 In accordance with the public advertisement and the statutory deposit period, the initial pre audit version of the accounts was put on the website on 4th June 2021. The 30 day statutory public inspection period ended on 16th July 2021. At the time of writing this report, there had not been any requests for information on the accounts from a member of the public.
- 3.3 The Statement of Accounts, including the Annual Governance Statement, is attached at Appendix 1.

4. External Audit

- 4.1 The Authority's governance arrangements require this Committee to receive and approve the Statement of Accounts, ordinarily following the completion of the external audit by 31st July each year. The extension this year moves this to the end of September. Ernst and Young are currently advising the Authority that this date may not be achievable.
- 4.2 The priority for E&Y is to ensure a high quality audit is undertaken and this is key in ensuring their responsibilities are met in issuing the correct audit opinion. Whilst alternative options have been considered, unfortunately no practical alternative options are available other than delaying the audit to September / October 2021. This issue is not unique to this Authority.

The Value for Money Conclusion and opinion on the accounts will not be complete until early October and therefore the post audit approval of the accounts will be presented to the Audit and Standards Committee in late 2021.

- 4.3 Annually the Public Sector Audit Appointments (PSAA) publish details of authorities who have not met the date for publishing their audited accounts. The PSAA have said they will ensure that in any report they issue, the reasons for the delays will be clearly explained.

Neil Harris, Associate Partner at E&Y, will be attending the Audit & Standards Committee meeting to address any questions that Members may have with regard to the delayed 2020/21 final accounts audit.

5. Letter of Representation

- 5.1 The Authority's letter of representation will be presented with the audited accounts at a later meeting. This annual letter summarises the Authority's responsibilities regarding the Financial Statements and Financial Records, Fraud, Compliance with Laws and Regulations, the Completeness of Information and Transactions, Liabilities and Contingencies, Subsequent Events, Accounting Estimates and Retirement Benefits.

6. Revenue Year End outturn

- 6.1 On 11th February 2021, the Authority received a budget monitoring report forecasting the year end outturn, based on actuals as at 31st December, as an underspend with a year-end contribution to reserves of £790.5k. The comparable year end contribution to reserves was £878k, with the variance between these figures being predominantly additional income from central government. This is explained in the Income and Government Grant section of the accounts (Appendix 1 page 12).

7. General and Earmarked Reserves

- 7.1 The General Reserves balance as at 31st March 2021 was £2.4m. This is following work undertaken to establish specific earmarked reserves, which as at 31st March 2021 totalled £5.105m. This figure includes the Transformational Earmarked Reserve of £3.180m to

support future years' budget setting and Innovation investments. In addition there is the Collaboration Reserve £2.378m and a capital reserve £3.850m to finance on-going and future capital works. This is in line with the Medium Term Financial Strategy, which takes into account the actual and forecast Government funding reductions to Fire and Rescue Services. The earmarked reserves are reviewed annually by Members as part of the budget setting process. Further details on reserves can be found at note 24 in the Statement of Accounts.

7.2 The capital receipts reserve as at 31st March 2021 was £0.507m.

8. Summary

8.1 Members are invited to:

- Review the current pre audit version of the 2020/21 Statement of Accounts, which includes the Annual Governance Statement.
- Review the position of the delay to the external audit of the accounts.
- Note the General and Earmarked Reserves balances that will be considered further as part of the forthcoming 2022/23 budget setting process.

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