

Status of Report: Public

Meeting: Combined Fire Authority

Date: 2 December 2021

**Subject: Statement of Accounts and Annual Governance Statement
2020/21**

Report by: The Treasurer

Author: Colin Sharpe, Deputy Director of Finance, Leicester City Council

For: Decision

Purpose

1. The purpose of this report is to seek approval for the Authority's Annual Statement of Accounts and Annual Governance Statement 2020/21, and to provide an update from the External Auditor which details their audit work and recommendations. A supplementary report will be circulated to members nearer to the meeting once the audit is completed and the Statement of Accounts and Annual Governance Statement 2020/21 have been finalised.

Recommendation

2. It is recommended that the CFA has regard to the information in this and the subsequent supplementary report.

Executive Summary

3. The draft Statement of Accounts and Annual Governance Statement 2020/21 were considered by the Corporate Governance Committee on 15 September 2021.
4. The external audit of the financial statements has progressed well. However, the External Auditors were unable to finalise the annual audit of the 2020/21 accounts ready for the publication of this agenda due to resourcing pressures within the industry as a whole, which have also impacted on Mazars. A supplementary report to this report is being produced by officers and this will include the Statement of Accounts, Annual Governance Statement, Audit Completion Letter and the Letter of Representation and will be circulated prior to the meeting.

Background

5. The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts are presented to the Corporate Governance Committee, which set out the revenue and capital outturn for the Authority.

6. The outturn reports focus on the in-year financial performance in a format consistent with the Authority's budgets, while the Statement of Accounts shows the in-year performance in a standard format adopted by all authorities, including a balance sheet showing the financial position as at 31 March 2021.
7. Despite the wide variations in the way the position is presented, the key point is that both the outturn reports and the statutory accounts are consistent.
8. The Annual Governance Statement, when approved will be signed by the Treasurer and the Chairman and published with the Statement of Accounts. This Statement should assure taxpayers that the Authority operates in accordance with the law and has due regard to proper standards of behaviour and that it safeguards the public purse.
9. The format of the Annual Governance Statement to a large extent is dictated by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'.
10. The Letter of Representation is signed by the Treasurer and approved by the CFA. It is designed to give the external auditor assurance on the information included in the Statement of Accounts and to affirm that the primary responsibility for the content of the Statement of Accounts remains with the CFA.
11. The Audit Completion Report (ISA 260 Report) is to those charged with governance. It details the conclusions of the external audit and makes recommendations. Management responses to the recommendations are contained within it.
12. The Audit Certificate would also usually be presented with the report, which confirms that the auditor has discharged all of their audit responsibilities and that the audit is formally 'closed'. However, this year it is delayed for two reasons:
 - i. The auditor is yet to complete their work in respect of the Authority's value for money arrangements. However, based on the audit work to date, the auditor has not identified any significant weaknesses.
 - ii. The auditor is awaiting further guidance from central government in relation to the 2020/21 Whole of Government Accounts process, therefore this work cannot yet start.

Report Implications/Impact

13. Legal (including crime and disorder)

Regulations 6 (1) (a) and (b) of the Accounts and Audit Regulations 2015 (the Regulations) require the CFA to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual

governance statement (AGS), prepared in accordance with proper practices in relation to internal control.

Following the amendment of the Regulations in 2020, due to disruption to relevant authorities caused by the spread of coronavirus (Covid-19), the deadlines for relevant authorities to publish and make available for public inspection, their annual accounts and supporting documents in relation to the financial year beginning on 1 April 2019 was extended. This has continued for the financial year beginning on 1 April 2020 with a requirement for the CFA to publish its draft Statement of Accounts and draft AGS by no later than 31 August 2021 and the publication date for final, audited, accounts by 30 November 2021.

14. Financial (including value for money, benefits and efficiencies)

This report is concerned exclusively with financial issues.

15. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

There are no specific risks arising from this report.

16. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

The arrangements and changes for the posts of Treasurer, Monitoring Officer and Chief Fire Officer are reflected within the AGS.

17. Environmental

Hard copies of the Annual Report (which will include the Statement of Accounts) are only produced on request. An electronic copy is available on the CFA's website.

18. Impact upon "Our Plan" Objectives

It is important to ensure that the budget set by the CFA reflects and enables progress to be made against the CFA's corporate objectives. The Medium-Term Financial Plan reflects the CFA's strategic plan, "Our Plan". It also reflects national and regional strategies and policies at the time of issue.

One of the CFA's corporate aims is achieving excellence in managing the Service. This is underpinned by the objective of efficiency and provision of a Value for Money service. The production of the AGS supports both the aim and objective.

Officers to Contact

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