

**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.

### **Recommendation**

2. The CFA is asked to:
  - a) Note the auditor's Audit Completion Report (ISA 260 Report) to those charged with governance and the recommendations contained within it, attached at Appendix A;
  - b) Approve
    - i. the Statement of Accounts 2020/21, attached at Appendix B.
    - ii. the Annual Governance Statement 2020/21, attached at Appendix B.
    - iii. the letter of representation submitted by the Treasurer, attached at Appendix C; and
  - c) Authorise the Treasurer to approve any minor amendments to the Annual Accounts and Annual Governance Statement, subject to a report to the CFA at the next meeting.

### **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. The audit is expected to be completed before the meeting of the CFA is held.
5. This report presents the final accounts and audit completion report for approval by the CFA.

6. The report notes the further external audit work required before the Audit Certificate can also be produced.

## **Background**

7. 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.
8. 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.
9. 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.
10. During the external audit, the Leicestershire County Council Pension Fund auditors identified an increase in the asset valuations provided by the actuary. This relates only to Green Book / support staff, not to firefighters. The Statement of Accounts has not been adjusted, as the difference is below the materiality threshold and would require significant additional work to amend the accounts. The external auditor identified expenditure in the Estates Department that had not been accrued, however due to the relatively small sums involved the Statement of Accounts has not been adjusted.
11. The Annual Governance Statement is presented here for approval. When approved, it 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.
12. 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'.
13. 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.
14. 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.

15. The Audit Certificate would also usually be presented with this 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**

16. 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.

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

This report is concerned exclusively with financial issues.

18. 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.

19. 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.

## 20 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.

## 21 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.

## **Background Papers**

Report to Corporate Governance Committee, 14 July 2021 – External Audit Progress  
<https://leics-fire.gov.uk/wp-content/uploads/2021/07/item-10-external-audit-update.pdf>

Report to the CFA, 28 July 2021 – Revenue and Capital Outturn 2020/21  
<https://leics-fire.gov.uk/wp-content/uploads/2021/07/agenda-item-8-1.pdf>

Report to Corporate Governance Committee, 15 September 2021 - Draft Statement of Accounts and Annual Governance Statement 2020/21  
<https://leics-fire.gov.uk/wp-content/uploads/2021/09/item-6.pdf>

## **Appendix**

Appendix A - Audit Completion Report (ISA 260 Report)

Appendix B – Annual Statement of Accounts and Annual Governance Statement  
 2020/21

Appendix C - Letter of Representation

## **Officers to Contact**

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