

**Status of Report: Public**

**Meeting: Corporate Governance Committee**

**Date: 16 September 2020**

**Subject: Draft Statement of Accounts and Annual Governance Statement 2019/20**

**Report by: The Treasurer**

**Author: Amy Oliver, Chief Accountant**

**For: Decision**

### **Purpose**

1. The purpose of this report is to provide the Corporate Governance Committee with an opportunity to consider the draft Statement of Accounts and Annual Governance Statement (AGS) 2019/20, before they are presented to the Combined Fire Authority for formal approval. In addition, this report provides an update from Mazars, the External Auditors, on their work to date.

### **Recommendation**

2. The Committee is asked to
  - a. consider the draft Statement of Accounts and Annual Governance Statement for 2019/20, attached at Appendix 1, prior to approval by the Combined Fire Authority (CFA).
  - b. note the external audit update report provided by Mazars at Appendix 2, particularly the significant improvements made by the Authority in working practices since the presentation of the Accounts in 2019.

### **Executive Summary**

3. The Accounts and Audit Regulations (England) 2015 state that the accounts must be published with the audit opinion and certificate and be approved by Members by 31 July. For 2019/20, this deadline has been extended to the 30 November 2020 due to the Covid-19 pandemic. The draft Statement of Accounts was signed by the Treasurer and submitted to the external auditor (Mazars) on 7 August 2020.
4. The draft accounts are subject to ongoing review by Mazars before they conclude their audit opinion and Value for Money assessment.
5. The constitution provides that the CFA formally agrees the accounts and AGS. It is intended that the final version of the accounts will be presented to the CFA for approval at its meeting on 23 September 2020.

6. The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts were presented to the CFA in July, which set out the revenue and capital outturn position. The financial position of the Authority is presented in a different way in the Statement of Accounts. 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 local authorities, including a balance sheet showing the underlying financial position.
7. The outturn position has been amended since being reported to the CFA at its meeting on 29 July 2020, as some accruals were identified as being incorrect, which meant the surplus increased from £894,000 to £998,000. This adjustment has been reflected in the draft Statement of Accounts.
8. The External Auditors have provided an update on their work to date. This report notes the progress they have made to date, along with noting the significant improvements made by the Authority following the issues identified and reported to the CFA as part of the 2018/19 audit. The report particularly notes that the working papers to support the statement of accounts were of high quality and the Auditors found officers responsive and helpful with any queries.

## **Background**

9. The Accounts and Audit Regulations (England) 2015 state that the accounts must be published with the audit opinion and certificate and be approved by Members by 31 July. For 2019/20, this deadline has been extended to the 30 November 2020 due to the Covid-19 pandemic. The draft Statement of Accounts was signed by the Treasurer and submitted to the external auditor (Mazars) on 7 August 2020.
10. The draft set of 2019/20 accounts as distributed to Mazars is attached as Appendix 1. The draft accounts are subject to ongoing review by Mazars before they conclude their audit opinion and Value for Money assessment.
11. The constitution provides that the CFA formally agrees the accounts and AGS. It is intended that the final version of the accounts will be presented to the CFA for approval at its meeting on 23 September 2020.
12. Approval and ownership of the Annual Governance Statement (AGS) is required at a corporate level. The draft AGS is published with the Statement of Accounts and complies with the CIPFA/SOLACE "Delivering Good Governance Framework" (2016).
13. The draft Annual Governance Statement for 2019/20 should assure the people of Leicester, Leicestershire and Rutland 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.

## External Auditor's Update

14. The External Auditors have provided an update on their work to date. This report notes the progress they have made to date, along with noting the significant improvements made by the Authority following the issues identified and reported to the CFA as part of the 2018/19 audit. The report particularly notes that the working papers to support the statement of accounts were of high quality and the Auditors found officers responsive and helpful with any queries.

## **Report Implications/Impact**

15. 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.

In anticipation of the potential disruption to relevant authorities caused by the spread of coronavirus (Covid-19), the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 amended the 2015 Regulations referred to above to extend 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. The amendment regulations stipulate that the CFA must publish its draft Statement of Accounts and draft AGS by no later than 31 August 2020 and the publication date for final, audited, accounts has moved from 31 July to 30 November 2020.

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

These are contained within the report and appendix.

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

The Statement of Accounts is prepared in line with the final Revenue and Capital Outturn 2019/20 report. Mazars commenced their audit on the accounts in August 2020, with a view to ensuring that any changes necessary prior to the final publication of the Statement of Accounts will be reported and completed on time.

The Accounts and Audit (England) Regulations 2015 require the approved AGS to accompany the Statement of Accounts.

18. 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.

## 19. 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.

## 20. 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 our 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**

External Audit Plan 2019/20 (Corporate Governance Committee Report 10 March 2020):

<https://leics-fire.gov.uk/wp-content/uploads/2020/03/appendix-audit-strategy-memorandum.pdf>

Report to the CFA 29 July 2020 - Final Outturn 2019/20:

<https://leics-fire.gov.uk/wp-content/uploads/2020/07/revenue-and-capital-outturn-2019.pdf>

## **Appendices**

Appendix 1 - Draft Combined Fire Authority 2019/20 Statement of Accounts and Annual Governance Statement

Appendix 2 – External Audit Update Report

## **Officers to Contact**

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