

Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: Draft Pre-Audit Statement of Accounts 2019/20

Senior Officer: Alex Thompson, Director of Finance & Customer Services

1. Report Summary

- 1.1. This report confirms that the Council will publish, on its website, its pre-audit Statement of Accounts for year ended 31st March 2020, alongside its draft Annual Governance Statement.
- 1.2. Information on the 2019/20 pre-audit Statement of Accounts, for the Cheshire East Group of Companies and for the single entity of Cheshire East Borough Council, will be presented to the committee. This step is taken to provide committee members with an early summary of the accounts, which will help them in advance of any formal responsibility to approve the accounts.
- 1.3. The Council produces an Outturn Report for the year that reflects the Council's financial and non-financial performance, this was reported to Cabinet on 9th June 2020.

2. Recommendations

- 2.1. Members' note the summarised position of the accounts for year ended 31st March 2020 based on the presentation provided at this meeting.
- 2.2. Members' note the important dates in relation to the approval process for the Statement of Accounts.

3. Reasons for Recommendations

- 3.1. The Accounts and Audit Regulations 2015 require the Audit and Governance Committee to approve the Statement of Accounts after the external audit is completed
- 3.2. To support this responsibility the Committee is provided with an overview of the key issues within the draft Statement of Accounts before the external

audit work is completed. This allows committee members adequate time to scrutinise the statements ahead of the deadline for approval.

- 3.3. The deadlines for the preparation of the Accounts has been changed for 2019/20. Having considered the impact of the COVID-19 pandemic and in consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015.
- 3.4. The draft Accounts must now be submitted for audit by 31st August 2020 rather than 31st May 2020 and the timeline for the conclusion of the audit is now 30th November 2020 rather than 31st July 2020.
- 3.5. The draft Accounts for Cheshire East Council will be submitted to the external auditors on 1st August 2020 and will be considered for approval by this Committee on 11th November 2020.

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1. The Statement of Accounts for 2019/20 is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (“the Code”), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 5.2. The Group statements consolidate the accounts of: Cheshire East Council and six wholly owned subsidiaries (Ansa, Orbitas, TSS, EotN, Civicance, Skills & Growth Co); the accounts of a seventh wholly owned subsidiary (TPE), and one associate organisation (CWLEP), although part of the Group, are not consolidated on the grounds of materiality. This mirrors treatment of these organisations in 2018/19. The single entity statements for Cheshire East Borough Council will also be presented to the Committee for approval on 11th November 2020.
- 5.3. The objective of the Statement of Accounts is to provide information about the organisation’s financial performance that is useful to a wide range of interested parties. Its purpose is to give readers and stakeholders clear information about the Group’s consolidated finances and to answer questions such as: what did services cost; where the money came from; what are the significant events this year; and what is the Group’s net worth?

- 5.4. Members are not required to approve the pre-audit statement of accounts for the Group or for the Council as a single entity. But the Director of Finance & Customer Services (Section 151 Officer) is providing the committee with an early indication of the key messages from these accounts before she signs them for publication. The Pre-Audit Statement of Accounts will be published on the 31st July 2020 and the certified Statement of Accounts will be published by the 30th November 2020, meeting all the statutory deadlines and reporting requirements.
- 5.5. The accounts will be available for public inspection for 30 working days between the dates of 3rd August to 11th September 2020.
- 5.6. The Council's external auditors are Mazars. Their formal audit will be completed before accounts are presented to this Committee on 11th November for approval.
- 5.7. Training sessions will be arranged for Members in October.
- 5.8. The final audited Statement of Accounts will be presented to this Committee for approval in time for publication by the deadline of 30th November 2020.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The regulations arising out of the Local Audit & Accountability Act 2014 (Accounts and Audit Regulations 2015) prescribe statutory provisions regarding the overall format and approval procedures for authorities' financial statements. The detailed format of the Statement of Accounts is laid out annually by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the form of the Code of Practice on Local Authority Accounting in the UK (the Code).
- 6.1.2. The pre-audit Statement of Accounts must be signed by the Council's Section 151 officer and published by the required deadline following the financial year end. The pre-audit statements do not require committee approval, however it is deemed to be good practice to present the accounts to members before publication.
- 6.1.3. The audited statements are to be approved by this Committee and published by the 30th November 2020.

6.2. Finance Implications

- 6.2.1. The Statement of Accounts summarises the financial activities of the Council for the preceding financial year and its position at the year end.

It summarises the Council's income and expenditure, assets and liabilities, and its level of reserves and indebtedness. As the statements are subject to external audit and opinion, they present a key measurement of the overall financial performance of the authority. The Statement of Accounts is an important part of the Council's financial governance and stewardship arrangements.

6.3. Policy Implications

6.3.1. None.

6.4. Equality Implications

6.4.1. None.

6.5. Human Resources Implications

6.5.1. None

6.6. Risk Management Implications

6.6.1. The Local Government Act 2003 and the Local Government and Housing Act 1989 require the Statement of Accounts to be produced in line with recommended accounting practices. Failure to do so could result in a qualification of the accounts which may lead to further audit costs in future as well as an adverse impact on the Council's reputation.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People

6.8.1. There are no direct implications for children and young people.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. Not applicable.

8. Consultation & Engagement

- 8.1. In accordance with the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 the accounts and other documents will be available for inspection from 3rd August to 11th September 2020, between 10 am and 4 pm Monday to Friday.
- 8.2. Any person may inspect, and make copies of the accounts and all books, deeds, contracts, bills, vouchers, receipts and other related documents of the Council for the year ended 31st March 2020, as stipulated in Section 25 of the Local Audit and Accountability Act 2014.

9. Access to Information

- 9.1. The background papers relating to this report can be inspected by contacting the report writer.

10. Contact Information

- 10.1. Any questions relating to this report should be directed to the following officer:

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