

Audit & Governance Committee

Date of Meeting:	30 September 2021
Report Title:	Draft Pre-Audit Statement of Accounts 2020/21
Report of:	Alex Thompson, Director of Finance & Customer Services
Report Reference No:	To be confirmed by Democratic Services
Ward(s) Affected:	All

1. Executive 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 2021, alongside its draft Annual Governance Statement.
- 1.2.** Information on the 2020/21 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 Finance Sub Committee on 22nd September 2021.

2. Recommendations

- 2.1.** Members' note the summarised position of the accounts for year ended 31st March 2021 based on the presentation provided at this meeting and included in this report at Appendix 1.
- 2.2.** Members' note the 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 Ministry of Housing, Communities and Local Government (MHCLG) has put in place revised regulations that came into force on 31st March 2021. The Accounts and Audit (Amendment) Regulations 2021 extend the statutory audit deadlines for 2020/21 and 2021/22. The publication date for audited accounts has been extended from 31st July to 30th September 2021 for all local authority bodies.
- 3.4.** The impact of the transition to the Unit4 ERP system in February 2021, as a replacement for Oracle, was significant. In the circumstances the statutory deadlines for the Statement of Accounts was deemed unachievable, presenting potential risks or error that were not acceptable to the Chief Finance Officer.
- 3.5.** Members of the Audit and Governance Committee were notified informally, and discussions were held with Mazars, the Council's external auditors. A revised deadline was agreed for this financial year only. The timeline for the conclusion of the audit is now 30th November 2021.

4. Other Options Considered

- 4.1.** Not applicable.

5. Background

- 5.1.** The Statement of Accounts for 2020/21 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 three wholly owned subsidiaries (Ansa, Orbitas and TSS); the accounts of a fourth 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 2019/20. The single entity statements for Cheshire East Borough Council will also be presented to the Committee for approval on 25th November 2021.
- 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 he signs them for publication. The Pre-Audit Statement of Accounts will be published on the 30th September 2021 and the certified Statement of Accounts will be published by the 30th November 2021.
- 5.5. The final audited Statement of Accounts will be presented to this Committee for approval on 25th November in time for publication by the deadline of 30th November 2021.

6. Consultation and Engagement

- 6.1. The accounts will be available for public inspection for 30 working days between the dates of 1st October to 11th November 2021, between 10 am and 4 pm Monday to Friday.
- 6.2. 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 2021, as stipulated in Section 25 of the Local Audit and Accountability Act 2014.

7. Implications

7.1. Legal

- 7.1.1. 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).
- 7.1.2. 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.
- 7.1.3. The audited statements are to be approved by this Committee and published by the 30th November 2021.

7.2. Finance

7.2.1. 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.

7.3. Policy

7.3.1. None.

7.4. Equality

7.4.1. None.

7.5. Human Resources

7.5.1. None.

7.6. Risk Management

7.6.1. 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.

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children and Young People/Cared for Children

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

7.9. Public Health

7.9.1. There are no direct implications for public health.

7.10. Climate Change

7.10.1. There are no direct implications for climate change.

Access to Information	
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Appendices:	Appendix 1 – Presentation - Summary Group Accounts 2020-21
Background Papers:	Statement of Accounts and Annual Governance Statement (cheshireeast.gov.uk)