

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 29 SEPTEMBER 2021
REPORT OF: TREASURER
AUTHOR: WENDY BEBBINGTON

SUBJECT: FINAL ACCOUNTS 2020-21 AND ANNUAL GOVERNANCE STATEMENT

Purpose of Report

1. Under normal circumstances, the Authority is required to approve its audited Statement of Accounts for publication on or before 31 July. However, due to the on-going impact of the Covid-19 pandemic, the deadline is now 30 September 2021. This report summaries the changes that have been made to the unaudited Statement of Accounts.
2. The Statement of Accounts includes the Annual Governance Statement which the Authority is also required to approve and publish within the same timeframe as the Statement of Accounts.

Recommended: That;

- [1] The 2020-21 Annual Governance Statement be approved;
- [2] The 2020-21 Statement of Accounts, contained in Appendix 1 to this report, be approved and the Chair, Treasurer, Chief Fire Officer and Chief Executive and Monitoring Officer be authorised to sign the Statement of Accounts and Annual Governance Statement upon receipt of the finalised audit opinion; and
- [3] The Letter of Representation, as detailed at Appendix 2 to this report, be approved for signature by the Chair on behalf of the Authority.

Background

3. The unaudited Statement of Accounts for 2020-21 was reported to an informal meeting of members of Performance and Overview Committee, which acts as the Closure of Accounts Committee on 21st July 2021. The 2020-21 Annual Governance Statement was also considered at the meeting. This provided an opportunity for Member scrutiny before its inclusion with the accounts.

Statutory Requirements

4. The Accounts and Audit Regulations 2015 (the Regulations) set out the requirements for the production and publication of the annual Statement of Accounts. The Regulations were amended as a result of the Covid-19 pandemic and the deadlines remain 31 July for draft accounts and 30 September for audited accounts for 2020-21. To comply with the Regulations the unaudited Statement of Accounts were approved by the Treasurer following consideration by the Closure of Accounts Committee and submitted to the External Auditors.
5. The Regulations, as amended, require the audited Statement of Accounts, including an updated Treasurer's Certificate, to be approved by the Authority on or before 30 September 2021. At the time of writing this report the audit had nearly been completed with a few minor pension queries remaining and a verbal update will be given at the meeting.
6. The Regulations stipulate that the accounts must be prepared in accordance with "proper practices". The CIPFA "Code of Practice on Local Authority Accounting" is relied upon to describe proper practices. It is based on International Financial Reporting Standards. The Code requires that a great deal of financial information is produced including a comprehensive set of notes supporting the main financial statements, which are: a Comprehensive Income and Expenditure Statement, a Movement in Reserves Statement, a Balance Sheet, a Cash Flow Statement and a Firefighter Pension Fund Statement.
7. The Regulations also contain the requirements for the preparation and publication of the Annual Governance Statement (AGS). The AGS sets out how the Authority has reviewed the effectiveness of its system of internal controls and the assurance provided by the Governance Framework, as set out in Section 2 of the AGS. The inclusion of the AGS in the Statement of Accounts and approval by the Authority provides compliance with the Regulations. The AGS commences on page 89 of the Statement of Accounts.

Changes to the Statement of Accounts

8. Since the draft accounts were approved there have been several changes made both in terms of external issues and areas raised by External Audit. The revised version is attached as Appendix 1 to this report. The key changes are set out below:
 - Note 12 (page 54), the fair value amount shown for the PWLB loans was amended to reflect the preferred rate, reducing the amount from £6.6m to £5.1m. This is a technical amendment to the note and does not impact on any of the primary statements, nor usable reserves held

- Depreciation (page 41) and Note 3 (page 45), revised wording to provide clarity over depreciation
- Revaluations (page 51) removal of the comment referring to material uncertainty valuation. This comment was included last year to reflect the impact Covid-19 had on valuations. It is not necessary to include it this year

Letter of representation

9. Each year, the Authority is required to sign a Letter of Representation addressed to the Auditors. The Letter explains the Authority's responsibilities in relation to the audit, and a copy is attached as Appendix 2 to this report. It is recommended that the Authority approves the letter and authorises the Chair to sign it. It should be noted that at the time of writing there was an outstanding pension issue that may need to be reflected in the letter, this will be explained by the auditors at the meeting. Should this be the case a revised letter will be presented for signature.

Financial Implications

10. This report deals with financial matters. Notwithstanding the significant changes to some of the figures in the Statement of Accounts, there are no direct budgetary implications as a result of the report.

Legal Implications

11. The approval and publication of the accounts is a legal requirement.

Equality and Diversity Implications

12. There are no equality and diversity implications arising from this report.

Environmental Implications

13. Copies of the accounts will be made available in electronic format, but the number of hard copies published will be kept to a minimum in recognition of the environmental impact.

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BACKGROUND PAPERS: NONE