

REPORT TITLE: DRAFT ANNUAL FINANCIAL REPORT

22 JULY 2021

REPORT OF CABINET MEMBER: Cllr Neil Cutler, Deputy Leader and Member for Finance and Service Quality

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WARD(S): ALL

PURPOSE

This report highlights the key issues arising from the production of the Draft Statement of Accounts for the year ended 31 March 2021.

It is important that Members consider the key issues contained in the draft financial statements and their supporting notes. Members are requested to raise any matters of detail with the Corporate Head of Resources in advance of the meeting.

RECOMMENDATIONS:

That the Audit and Governance Committee:

1. Note the report in respect of the council's Draft Statement of Accounts for 2020/21.
2. Take the opportunity to discuss the content of this report and ask any questions regarding the Draft Statement of Accounts 2020/21 with officers present at the meeting.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 *Your Services, Your Voice* - The preparation of the Annual Financial Report is fundamental to open and transparent accountability for public finances. Ensuring strong financial reporting and transparent stewardship of public funds underpins the council's ability to deliver all its outcomes but in particular the priority to ensure stable council finances.

2 FINANCIAL IMPLICATIONS

- 2.1 The planned fee for the audit of the 2020/21 accounts is £43,379. EY are seeking agreement from the fee setting body Public Sector Audit Appointments (PSAA) to rebase audit fees from the financial year 2019/20, increasing fees by an additional £14,670 per year. The final fee for the equivalent audit of the 2019/20 accounts is still not finalised, the auditor is also seeking approval of a £11,524 scale fee variation for additional audit work undertaken in response to risks related to the COVID-19 pandemic for which we are awaiting confirmation from PSAA that this is appropriate.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Local authorities in the UK are required to prepare their accounts in accordance with 'proper (accounting) practices' as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code). The Code specifies the principles and practices of accounting, required to prepare financial statements that give a true and fair view of the financial position and transactions of a local authority.
- 3.2 The Audit and Accounts Regulations 2015 require an authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and include a statement reporting on the review alongside the Statement of Accounts.
- 3.3 The necessity to conform to these Regulations and the Code is recognised accurately in this report.

4 WORKFORCE IMPLICATIONS

- 4.1 None

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

6 CONSULTATION AND COMMUNICATION

- 6.1 A public notice is published to inform interested parties of their rights to inspect the statement of accounts and records relating to them. The public

notice also details how to access this information and how to ask questions of and make objections to the council's external auditor. This will be published the day following publication of the unaudited Annual Financial Report.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 None

8 EQUALITY IMPACT ASSESSEMENT

8.1 None arising from the content of the report. However, officers will have regard to the considerations as set out in the Equalities Act 2010 when deciding whether an Equality Impact Assessment will be required following any specific recommendations or future decisions.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Reputation The financial statements receive an adverse external audit opinion.	The statements are prepared in accordance with the CIPFA code of practice. Accounts staff attend regular public sector accounting workshops delivered by EY and CIPFA. Regular engagement with external audit on potential issues identified.	
<i>Achievement of outcome</i> Failure to produce financial statements in compliance with statutory deadlines.	A comprehensive project plan for the delivery of the accounts closedown is used to ensure the Statement of Accounts and Annual Financial Report are produced by the statutory and audit	

	deadlines.	
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11 SUPPORTING INFORMATION:

11.1 **Changes to statutory timetable for 2020/21 accounts and planned audit**

11.2 The Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263) extend the statutory audit deadline for 2020/21 for all local authorities, apart from health service bodies. The publication date for audited accounts has moved from the 31 July to 30 September 2021.

11.3 To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead, local authorities must commence the public inspection period on or before the first working day of August 2021. This means that draft accounts that must be confirmed by the responsible finance officer must be published by 31 July 2021 at the latest.

11.4 EY have advised that the audit resources required for the final audit review will mostly be available from 6 September, although the audit review of Property, Plant and Equipment will commence earlier in August. EY have already indicated that it is unlikely that they will be able to complete their review in accordance with the publication date for audited accounts.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

Appendix 1 - Draft (unpublished) Annual Financial Report