

# Chichester District Council

## CORPORATE GOVERNANCE AND AUDIT COMMITTEE 26 November 2020

### Statement of Accounts for 2019-20

#### 1. Contact(s)

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#### 2. Recommendation

- 2.1. That the Committee consider and approve the audited Statement of Accounts shown in Appendix 2 for the financial year ended 31 March 2020, note the outturn position and authorise the Letter of Representation to be given to the Council's External Auditor.**

#### 3. Main Report

##### 3.1. Introduction

- 3.1.1 The Council's approved Statement of Accounts, including the audit certificate and opinion, must normally be published by no later than 31 July. This year, due to the Coronavirus (Covid-19) pandemic, the Ministry of Housing, Communities and Local Government (MHCLG) has extended the audit deadline to 30 November 2020 for all local authority bodies.
- 3.1.2 Whilst this recognition of the exceptional circumstances facing the Council and Auditors this year was welcome, officers maintained the original closedown timetable so as not to lose the investment in staff training and planning that had already taken place. Completing this process early on also allowed for the release of the Finance team to focus their attention on supporting the Council in its recovery from the impact of the Covid-19 pandemic. Finally, the Council's external auditors, Ernst & Young (EY), were also timetabled to start their audit in the first week of June, and any delay risked impacting their ability to schedule their audit work of the Council's accounts.
- 3.1.3 In common with many others, officers have been working from their own homes since March 2020. Learning how to effectively communicate and coordinate over this period has been a challenge and, although there was a small delay against the original timetable, the delivery of these accounts in this environment demonstrates the adaptability and robustness of the Council's existing

procedures and processes. As a result, the Director for Corporate Services, as the Council's responsible financial officer, authorised the draft Statement of Accounts for issue on 4 June 2020.

- 3.1.4 The draft statements have been subject to audit by EY and to public inspection during June and July following publication on the Council's website on 4 June 2020. The draft version currently published on the Council's website will be replaced with the audited version following receipt of the signed auditor opinion.
- 3.1.5 The Council's external audit has also been conducted remotely for the first time, with regular virtual meetings between council officers and the audit team throughout the process. The majority of the audit work was completed by the end of July, with the outstanding items being outside of the control of council officers.
- 3.1.6 It has not been possible to present the Statement of Accounts to this committee until now as EY were awaiting additional information from other EY teams to form their audit opinion. The information chiefly related to asset valuation following Covid-19 and the outcome of West Sussex County Council Pension Fund audit. These internal issues now appear to have been resolved by EY.
- 3.1.7 Officers presently expect the external auditors will issue an unqualified opinion on the Statement of Accounts and the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.
- 3.1.8 The Council has not received any questions or objections to its accounts from the public.
- 3.1.9 Council has delegated the approval of the Council's Statement of Accounts to the Corporate Governance and Audit Committee.

## **3.2. The Statement of Accounts**

- 3.2.1 The Statement of Accounts is included as a separate document in Appendix 2 and comprises:
  - A Narrative Report
  - Statement of Responsibilities for the Statement of Accounts
  - The accounting statements
  - The accounting policies on which the accounts have been prepared
  - Notes to the accounts.
- 3.2.2 The format and content of the accounts is largely prescribed by the Chartered Institute of Public Finance & Accountancy's (CIPFA) Code of Practice, however local authorities are provided with some leeway to report Income and Expenditure on the same basis as each Council is organised, reflecting the differences in service structures between Councils.
- 3.2.3 The narrative report section aims to provide a readable summary of the key issues and headline figures contained within the Statement of Accounts. This also includes an assessment of the impact of Covid-19 on the Council's

financial position, and confirms its status as a going concern.

### 3.3. Analysis of the 2019-20 General Fund position

3.3.1 The audited outturn position on the General Fund for 2019-20 is a surplus of £1.448m and this has been transferred to the General Fund Balance. Appendix 1 sets out the main variances creating this outturn position.

3.3.2 Any ongoing effect of these variations not already taken into account when the 2020-21 budget was set, will be considered as part of the monitoring and forecasting of the 2020-21 outturn position and when setting the 2021-22 base budget.

### 3.4. Letter of Representation

3.4.1 The Council must issue a Letter of Representation to its external auditors at the conclusion of the audit. A draft of this is contained in the E&Y Audit Results Report also on this agenda. If any amendments are required to this draft, this will be circulated and discussed with members at the Committee meeting.

### 3.5. Carry Forward Requests

3.5.1 In March 2020, Council agreed to delegate authority for the approval of budget carry forward requests to the Director for Corporate Services (the Council's S151 officer) following consultation with the Chief Executive.

3.5.2 Details of all carry forwards agreed under this process are provided in the table below:

<b>Approved carry forward requests from 2019-20 to 2020-21</b>			
<b>Division</b>	<b>Request</b>	<b>Budget Manager</b>	<b>Amount £</b>
Place	District Wide Visions	Tania Murphy	74,200
	Petworth Vision	Tania Murphy	14,900
Health Protection	Casual member of staff for a six month period to allow another member of staff to concentrate on specific project work	Ian Brightmore	40,000
Chichester Contract Services	Delayed purchase of route optimisation software	Kevin Carter	29,000
Financial Services	Carry forward underspend on staffing budget in the Income and Payments team as a result of unexpected vacancies during the year; with a view to retaining the services of casual staff for a six month period, to aid service delivery in the Income & Payments Team during the training period of a new permanent member of staff who will start late March.	Helen Belenger	11,000

<b>Approved carry forward requests from 2019-20 to 2020-21</b>			
Corporate Improvement and Facilities	To fund a two month handover period for the business critical Facilities Manager role whereby the new post holder can shadow the existing post holder before his retirement.	Andy Buckley	8,000
Revenues, Benefits and Customer Services	Contact Centre - Salary underspend to be used in 2020-21 for short-term staffing to backfill whilst upskilling and staff training takes place post restructure of the service.	Kerry Standing	10,000
	Revenues Recovery and Council Tax Support Administration – Salary underspends to be used to fund training requirements during 2020-21. These are required for the new Debt Recovery team.	Kerry Standing	10,500
	Housing Benefit Administration - Salary underspend to be used to fund overtime during April and May 2020 to deal with outstanding work at year end.	Kerry Standing	6,000
<b>Total</b>			<b>203,600</b>

#### 4. Alternatives considered

Not applicable

#### 5. Resource and legal implications

- 5.1 The 2019-20 budget variations and outturn position will be considered as part of the in-year monitoring of the 2020-21 budget, and in the preparation of the budget for 2021-22. The Council also has a statutory duty to approve and publish its audited Statement of Accounts by 30 November.

#### 6. Consultation

- 6.1 The draft statements were published on the Council website on 4 June and subject to public inspection during June and July.

#### 7. Community impact and corporate risks

- 7.1 The reputation of the Council as an organisation that manages its finances effectively may be put at risk if the external auditor issues a qualified opinion on the accounts, and the risk of a public naming and shaming if the statutory deadline is missed.

#### 8. Other implications

	Yes	No
<b>Crime &amp; Disorder</b>		✓
<b>Climate Change and Biodiversity</b>		✓
<b>Human Rights and Equality Impact</b>		✓
<b>Safeguarding and Early Help</b>		✓

	Yes	No
<b>General Data Protection Regulations (GDPR)</b>		✓
<b>Health and Wellbeing</b>		✓

## 9. Appendix

Appendix 1 - Analysis of major variations

Appendix 2 - Audited Statement of Accounts 2019-20

## 10. Background Papers

None