

Chichester District Council

CORPORATE GOVERNANCE AND AUDIT COMMITTEE 6 June 2022

Statement of Accounts for 2020-21

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 1 for the financial year ended 31 March 2021, 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 Statement of Accounts, including the audit certificate and opinion, should have been approved by this Committee by the end of September 2021, under the Accounts and Audit (Amendment) Regulations 2021.
- 3.1.2 The Council published its unaudited accounts on 30 July 2021 and made them available for audit. Our external auditors, Ernst & Young LLP (EY), informed council officers in June 2021 that they would not be able to meet the September deadline, with the reasons for this delay being reported to the Committee in July 2021 as part of EY's 2020-21 Audit Planning report. A statutory notice was placed on the Council website to this effect.
- 3.1.3 The draft statements were published on the Council's website to be available for the public inspection period, which ran from the end of July 2021 to the beginning of September 2021. These statements will be replaced with the audited statements once the signed audit opinion has been received.
- 3.1.4 The external audit commenced at the beginning of October 2021 and was conducted remotely. Regular virtual meetings between council officers and the audit team took place throughout the process. The Section 151 Officer had advised EY that the revised timing of their audit would create difficulties, as it conflicted with the Council's annual budget cycle. Considering the statutory requirement to produce the Council's budget this task would have to take

precedence, and despite this, our external auditors continued to proceed with their audit starting in October 2021, with its conclusion in May 2022.

- 3.1.5 As forecast, the timing of the audit did create significant pressure on the Council's finance team who, nevertheless, endeavoured to provide information in accordance with the auditor's requirements. Inevitably, delays in providing information did occur as other work needed to be prioritised. More delays were caused by the external auditor's testing strategy which required transactions to be individually traced to entries on the Council's bank statements. This was not communicated in advance to the Finance team and created significant additional workload to respond to audit requests.
- 3.1.6 Officers 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.
- 3.1.7 The Council has not received any questions or objections to its accounts from the public.
- 3.1.8 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 1 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 continued impact of Covid-19 on the Council's financial position and confirms its status as a going concern.

3.3. Analysis of the 2020-21 General Fund position

- 3.3.1 The audited outturn position on the General Fund for 2020-21 is a surplus of £1.635m and this has been transferred to the General Fund Reserve. Appendix 2 sets out the main variances creating this outturn position.
- 3.3.2 Any ongoing effect of these variations not already considered when the 2021-22 budget was set, were considered as part of the monitoring, and forecasting of the 2021-22 outturn position and when setting the 2022-23 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 EY 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 Council has delegated 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:

Division	Request	Amount £
Development Management	To carry forward staff salary underspends because of difficulties experienced recruiting to vacant posts. This carry forward will cover the additional costs above base budget incurred by the need for agency staff while salaried replacements are sought to fill the vacant posts, without the need to seek further funds from Cabinet.	85,000
Development Management	A significant number of speculative major housing schemes have been submitted, several of which have or will be refused and will proceed to appeal. The majority of these will proceed at appeal by way of public inquiry (PI) and will require the external legal support of a barrister. A greater level of support than budgeted for in the currently financial year will be required to deal with these appeals, which have been delayed due to Covid and are now making swift progress through the system because of the Planning Inspectorates efforts to clear significant backlog. It is therefore proposed to carry forward the underspend from 2020-21 to 2021-22 with the hope that this will cover the necessary additional legal costs the Council will face	53,000
Place	District Wide Visions	120,000
Health Protection	£40,000 was carried forward from 2019-20 to 2020-21 to provide funding for a backlog of food inspections. The pandemic delayed the completion of these inspections as many premises were closed due to the covid restrictions. At the end of 2020-21 £16,200 of this carry forward remains, it was agreed that this budget be carried forward into 2021-22 in order to complete the outstanding inspections.	16,200
Revenues, Benefits and Customer Services	Underspend on training carried forward to fund two training courses were committed to during the financial year but were delayed due to the Covid pandemic.	4,000
		278,200

4. Alternatives considered

Not applicable

5. Resource and legal implications

- 5.1 The 2020-21 budget variations and outturn position were considered as part of the in-year monitoring of the 2021-22 budget, and in the preparation of the budget for 2022-23. 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 30 July 2021 and subject to public inspection from the end of July 2021 to the beginning of September 2021.

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
Crime & Disorder		✓
Climate Change and Biodiversity		✓
Human Rights and Equality Impact		✓
Safeguarding and Early Help		✓
General Data Protection Regulations (GDPR)		✓
Health and Wellbeing		✓

9. Appendix

Appendix 1 - Audited Statement of Accounts 2020-21
Appendix 2 - Analysis of major variations

10. Background Papers

None