



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No: 4
2 OCTOBER 2020	PUBLIC REPORT

STATEMENT OF ACCOUNTS

1.0 PURPOSE

- 1.1. The purpose of the report is to update the Audit and Governance Committee on the preparation and audit of the 2019/20 Statement of Accounts.

<u>DECISION REQUIRED</u>	
Lead Officer:	Jon Alsop – Head of Finance (S73)
<p>The Audit and Governance Committee is recommended to:</p> <p>(a) Note progress towards the preparation and audit of the 2019/20 Statement of Accounts</p>	

2.0 BACKGROUND

- 2.1. Due to the impact of COVID-19 on local authorities, MHCLG made amendments to the required timing of the publication of local authority accounts and of the public inspection requirement, as follows:
- For 2019/20, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 authorities) has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020.
 - The publication date for final, audited, accounts moved from 31 July (for Category 1 authorities) to 30 November 2020 for all local authority bodies.
- 2.2. At the meeting of 31 July 2020, the Committee reviewed the draft Statement of Accounts. The Committee suggested a number of changes to be made to the statement of accounts before they were published as 'draft' on the Combined Authority's website on 27th August 2020, together with the notice of the exercise of public rights.

- 2.3. The notice of the exercise of public rights states that the documents are unaudited and subject to change and sets out the rights of members of the public and local government electors in the audit process.
- 2.4. Any person may inspect and take copies of the accounts and certain related documents. During this period, the Cambridgeshire and Peterborough Combined Authority electors will be able to ask the external auditor questions on the accounts and are able to object to the accounts. The formal review period started the day after publication and will complete on the 9th October.

3.0 AUDIT UPDATE

- 3.1. The Ernst and Young (EY) audit is in progress with an expectation that they will complete their procedures by 9 October. Subject to completing the outstanding procedures they anticipate issuing an unqualified audit opinion and have no matters to report on Value for Money (VFM).
- 3.2. To date EY have identified a small number of adjustments to the CPCA draft accounts including revisions to the disclosure relating to going concern. However, EY have not identified any adjustments that impact on CPCA's level of general fund balances.
- 3.3. EY are awaiting information from the auditor of the Cambridgeshire Pension Fund in respect of CPCA's pension liability and associated disclosures (new for the 2019/20 statements). Audit work on all local government pension funds for 2019/20 is taking longer to complete. The pension fund accounts and audit has been impacted by Covid-19 in respect of the difficulties in obtaining evidence to support the valuation of investments. In addition, as all pension funds were subject to a triennial valuation at 31 March 2019, the auditor has been required to carry out detailed testing on a large sample of membership data. EY expect to receive the letter from the pension fund auditor by early/mid October.
- 3.4. Following a written invitation from the Mayor, EY is considering the issues raised by the Minister for Regional Growth and Local Government in his letter to the Mayor as part of their 2019/20 audit responsibilities and have requested further information from officers to inform their audit conclusion. This work is in progress and will need to be completed before EY issue their audit report.
- 3.5. The intention is for the audit to be completed and for the final version of the accounts to be brought to the November Committee in advance of the publishing deadline of 30th November.

4.0 FINANCIAL IMPLICATIONS

- 4.1. The fee for the planned code work is £26,950. EY's proposed uplift is £2,695 and additional fees are expected to be between £9,000 and £16,000. The total audit fee for the year is therefore expected to be between £38,645 and £45,645. Last year's total fee was £35,350.

The additional fees cover the following:

Value for Money Conclusion significant risk - £3,000 to £6,000
Significant risk – incorrect capitalisation - £1,000 to £2,000
IAS 19 audit of pension disclosures - £2,500 to £4,000
Correspondence from the public - £2,500 to £4,000

5.0 LEGAL IMPLICATIONS

5.1. None.

6.0 SIGNIFICANT IMPLICATIONS

6.1. None.

7.0 APPENDICES

7.1. None

<u>Source Documents</u>	<u>Location</u>
Published Draft Statement of Accounts	https://cambridgeshirepeterborough-ca.gov.uk/news/2019-20-combined-authority-draft-statement-of-accounts-published/