



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 7

Draft Statement of Accounts and Annual Governance Statement

To: Audit and Governance Committee

Meeting Date: 25th June 2021

Public report: Yes

From: Jon Alsop, Head of Finance and S73 Officer

Key decision: Not a key decision

Forward Plan ref:

Recommendations: The Audit and Governance Committee is recommended to:

- a) Note the draft Statement of Accounts 2020/21 published with the notice of the exercise of public rights.
- b) Review the draft Statement of Accounts 2020/21.
- c) Note the draft Annual Governance Statement 2020/21.

1. Purpose

- 1.1. The purpose of the report is for the Audit and Governance Committee to:
 - (a) Note the draft Statement of Accounts 2020/21 published with the notice of the exercise of public rights.
 - (b) Review the draft Statement of Accounts 2020/21
 - (c) Note the draft Annual Governance Statement 2020/21

2. Background

Review of the Statement of Accounts 2020/21

- 2.1. According to their Terms of Reference, the Audit and Governance Committee shall:

No. 3.4 - Review the Annual Governance Statement prior to approval to ensure it properly reflects the risk environment and supporting assurances.

No. 3.12 – Review the annual accounts.

- 2.2. The draft Statement of Accounts, together with the draft Narrative Report and draft Annual Governance Statement are required to be signed by the Chief Finance Officer and published in draft form on the Combined Authority's website 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 a 30 working day inspection period. 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.
- 2.5. Ernst & Young LLP (EY) will audit the draft Statement of Accounts and are expected to present their findings at the 30th July 2021 Audit and Governance Committee meeting.
- 2.6. In order for EY to complete their audit by 30th July, the draft accounts will be published on the Combined Authority's website on 17th June to provide the 30 working day inspection period from 18th June to 29th July.
- 2.7. The final audited version of the Statement of Accounts will then be signed and published on the Combined Authority's website.

Amendments to the Audit timetable for 2021

- 2.8. In 2019-20 the deadlines for publication of the statutory accounts were delayed substantially in light of the impact of COVID both on members of staff, and the additional burden places on local government in administering various COVID relief measures. These amendments lasted only for the financial year 2019-20.

- 2.9. However, in March 2021, the Accounts and Audit (Amendment) Regulations 2021 was laid before Parliament and approved. This amendment to the regulations cuts a middle ground between the standard audit timetable and that which was in place for the 2019-20 accounts.
- 2.10. In line with the amendment, the Combined Authority's draft accounts should be published on or before the 31st July and the audit completed and final statements published by the 30th September. Ordinarily, the publishing dates would have been 31st May for the draft accounts, and 31st July for the final accounts.
- 2.11. While the response from Local Government Auditors locally and nationally has been that, even with the extension, it is not possible to maintain this timeline while upholding the required audit standards, the Combined Authority is fortunate to have had its external audit scheduled early in the year and thus should be in a position to have its audit complete in time for the July Audit and Governance Committee to sign them off.

Significant Implications

3. Financial Implications

- 3.1. The scale fee for the planned audit code work for 2020/21 is £26,950 (2019/20 - £26,950). Additional fees will be incurred to support the following activities as set out in EY's Outline Audit Plan which was presented to the Committee in March.
- Group Accounts
 - VFMC significant risk
 - Significant risk – C-19 grants accounting
 - Significant risk – incorrect capitalisation of revenue expenditure
 - IAS 19 audit of pension liability and disclosures
 - Impact of COVID-19 including going concern
- 3.2. The total audit fee for 2019/20 was £48,307.
- 3.3. All additional code work fees are subject to agreement with the S73 Officer and the Public Sector Audit Appointments Ltd.

4. Legal Implications

- 4.1. None

5. Other Significant Implications

- 5.1. None

6. Appendices

- 6.1. Appendix 1: Draft Statement of Accounts 2020/21 including the Draft Annual Governance Statement 2020/21

7. Background Papers

- 7.1. None