

Agenda item 5

Report title: The draft Statement of Accounts and draft Annual Governance Statement for 2020/21		AGS/13/21
Report to Audit, Governance and Standards Committee		
Report author: Nicole Wood, Executive Director, Finance and Technology and Paul Turner, Director Legal and Assurance		
Date of meeting: 28 June 2021	For: Information	
Enquiries to Nicole Wood, Executive Director, Finance and Technology email nicole.wood@essex.gov.uk Tel. No. 07946 705816 or Christine Golding, Chief Accountant email Christine.golding@essex.gov.uk Tel. No. 03330 138401 with respect to the Annual Governance Statement: Paul Turner, Director, Legal and Assurance paul.turner@essex.gov.uk		
Divisions affected: All Essex		

1. Purpose of report

- 1.1 The purpose of this report is to present a draft of the **Statement of Accounts** and the draft **Annual Governance Statement** for 2020/21 to the Committee for information (as appended), and to explain the Committee's role regarding approval and publication of these documents in September 2021.

2. Recommendations

- 2.1 The Committee notes the arrangements for approval and publication of the Council's **Statement of Accounts** for 2020/21.
- 2.2 The Committee reviews the draft **Annual Governance Statement** for 2020/21, as appended, and considers whether it wishes to make any comments on it or propose any changes.

3. Statement of Accounts

- 3.1 The process of closing the Accounts, and of producing the information required to enable the external auditor to give an unqualified opinion on the accounts, is both complex and time constrained.
- 3.2 The Council is statutorily required to compile its annual accounts in compliance with generally accepted accounting practice. This means preparing the accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Accounting Code), supported by International Financial Reporting Standards and statutory regulations.

3.3 The Council is also required by Regulation to:

- Produce draft accounts, and present them for external audit, by a specified date each year;
- Make the draft Statement of Accounts available for a period of 30 working days, during which time the public have the right to raise objections, inspect the accounts and question the Local Auditor; and
- Publish its final, audited accounts by a specified date each year.

3.4 Statutory regulations usually require these activities to be undertaken in accordance with the following timetable:

- Produce the draft Statement of Accounts and present them for external audit by **31 May**;
- Make the draft accounts available for public inspection for a period of 30 working days, to include the first **10 working days** of **June**; and
- Publish final, audited, accounts by **31 July**.

However, in recognition of the significant pressure local authorities have been under in responding to the COVID-19 pandemic and taking into account the recommendations of Redmond Review (an independent review into the oversight of local audit and the transparency of local authority financial reporting), the Government decided to defer the date by which the draft accounts for **2020/21** and **2021/22** must be produced to **31 July**, and the deadline for publication of final, audited accounts to **30 September**. The Government also confirmed that authorities must commence their period for public inspection of their accounts no later than on **1 August**.

3.5 In line with these deadlines, the Executive Director for Finance and Technology will certify the draft (unaudited) Statement of Accounts for 2020/21 on **30 June**; and will present the draft accounts to the external auditor and commence the 30-day period for the exercise of public rights on **1 July**. The draft Statement of Accounts is appended for review by the Committee.

3.6 The external auditor plans to report the results of the audit work to the Committee on **27 September 2021**, at which stage the Committee will be asked to approve the Statement of Accounts for publication. The Committee will be required to consider the external auditor's findings before authorising the accounts for issue.

4. Annual Governance Statement

4.1 The Regulations that apply to the Statement of Accounts also include a requirement to publish an Annual Governance Statement.

4.2 The regulations require authorities to carry out a review of the effectiveness of their systems of internal control to provide assurance that the Authority has a sound internal control framework in place to manage the risks that might prevent achievement of its statutory obligations and organisational objectives.

- 4.3 Part of the way we achieve this is by a Code of Corporate Governance which refers to a range of documents, policies and procedures that underpin our aim of achieving good governance. In this context 'governance' means the systems, processes, culture and values by which we direct and control our business.
- 4.4 ECC has committed to a set of seven core principles, developed by the Chartered Institute of Public Finance and Accountability (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their paper Delivering Good Governance in Local Government: Framework 2016. The contents of our Code of Corporate Governance meet the requirements of those seven key principles and key documents can be found on our website.
- 4.5 The draft Annual Governance Statement, which is published with the Statement of Accounts, is appended and the Committee are asked to give any comments they may have.
- 4.6 The Statement will be updated to reflect any changes requested or required by the Committee and to reflect any significant developments.
- 4.7 The Audit, Governance and Standards Committee will be asked to approve the final statement at the same meeting as it considers the Council's Statement of Accounts on **27 September 2021**.

5. Policy context and Outcomes Framework

- 5.1 The Statement of Accounts for 2020/21 summarises the financial performance and financial position for the Council for the year ending 31 March 2021. As such, the Accounts provide a financial representation of activities during 2020/21 against the Organisation Strategy.

6. Financial Implications

- 6.1 There are no specific financial implications associated with this report.

7. Legal Implications

- 7.1 The Council is required to produce annual accounts in accordance with the Accounts and Audit Regulations 2015 as currently amended by the Accounts and Audit (Amendment) Regulations 2021. The Council is also required to produce an annual governance statement.

8. Staffing and other resource implications

- 8.1 There are no staffing implications associated with this report.

9. List of appendices

- 9.1 **Appendix A** – Draft Statement of Accounts for 2020/21 (including the Annual Governance Statement)

10. List of Background Papers

- 10.1 None