

Cherwell District Council

Accounts Audit and Risk Committee

19 January 2022

Statement of Accounts Update

Report of the Director of Finance

This report is public

Purpose of report

To receive a report to ask Members to consider the following:

- Changes to be incorporated to the draft statement of accounts.

1.0 Recommendations

The meeting is recommended to agree that:

- 1.1 The revised Comprehensive Income and Expenditure Statement (CIES) in the Draft Statement of Accounts 2020/21 (Appendix 1), be endorsed along with necessary changes to supporting statements and notes.
- 1.2 Once the final audit opinion is received the Director Finance (S151 Officer), in consultation with the Chair of the Accounts, Audit and Risk Committee (or Vice Chair in case the Chairman is unavailable), be authorised to sign the accounts.
- 1.3 It be noted that, if any material changes to the accounts are required, then an additional committee meeting would be convened to consider the changes.

2.0 Introduction

- 2.1 The Statement of Accounts has been prepared in accordance with all relevant statutory reporting requirements.
- 2.2 The statutory timescale required that the Statement of Accounts were approved by the S151 Officer and received by the Councils External Auditor, Ernst & Young (EY) by 31 July 2021. Following this the accounts are audited in advance of the External Auditor, Ernst & Young setting out their opinion on the accounts and reported to this committee.

3.0 Report Details

- 3.1 The timescales for production and auditing of the 2020/21 Statement of Accounts are longer than in previous years due to the ongoing impacts of Covid-19.
- 3.2 In preparation for the 2021/22 year-end, Council officers have determined that three items have been incorrectly presented within the CIES. Neither impacts on the bottom line of the CIES but, as the audit of 2020/21 has not been finalised, the Council has the opportunity to correct the presentation of the 2020/21 CIES, including the restatement of 2019/20's CIES.
- 3.3 The first correction relates to the (gains)/losses arising from the revaluation of some property assets which have been incorrectly presented on the Financing and Investment (Income) and Expenditure line when they should have been accounted for within the Cost of Services (£1.5m). This was also incorrect in 2019/20 and so 2019/20 has been restated (£10.9m).
- 3.4 The second relates to the net interest charge in relation to the net pension liability which is included within the Financing and Investment (Income) and Expenditure line, but which has incorrectly been accounted for as income rather than as expenditure (£1.7m). This was also incorrect in 2019/20 and so 2019/20 has been restated (£2.4m).
- 3.5 The third relates to internal recharges. The income from these has been shown as income in the Cost of Services, rather than netting off against the expenditure arising which, if not corrected, has the effect of overstating the Council's income (£0.6m). This was also incorrect in 2019/20 but is not material so does not require a restatement.
- 3.5 The Appendix to this report provides a version of the CIES which incorporates the changes to the draft agreed by Committee in September 2021 and a second version which incorporates the above changes that the Council intends to make to the final CIES. There will also be corresponding changes required to the cash flow statement, Expenditure and Funding Analysis and some supporting notes to the Statement of Accounts.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The external audit has not yet reached its conclusion and so the CIES and associated changes in the final statement of accounts can be approved by the Committee.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 None.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
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Legal Implications

7.2 There are no legal implications arising directly from this report.

Comments checked by:

Chris Mace, Solicitor, 07702917916, christopher.mace@cherwell-dc.gov.uk

Risk Implications

7.3 There are no risk management implications arising directly from this report.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786,
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8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All Corporate Plan themes

Lead Councillor

N/A

Document Information

Appendix number and title

- Appendix 1 – Comprehensive Income and Expenditure Statement

Reference Papers

Draft Statement of Accounts 2020/21

<https://www.cherwell.gov.uk/downloads/download/346/statement-of-accounts-and-annual-audit>

Background Papers

None

Report Author and contact details

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