

Performance and Resources Scrutiny Programme 2021/22**Report to: the Office of the Police, Fire and Crime Commissioner for Essex**

Title of Report:	2021/22 Closure of Accounts Briefing and Timetable
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Author on behalf of Chief Officer:	Annette Chan – Chief Accountant
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1.0 Purpose of Report

- 1.1 This report sets out the 2021/22 closure programme incorporating the timetable of producing the Statement of Accounts, Annual Governance Statement and Narrative Report, hereby referred to as the Statement of Accounts.
- 1.2 The Statement of Accounts referenced within this briefing paper covers both the Chief Constable and the Police, Fire and Crime Commissioner (PFCC) Group accounts.

2.0 Recommendations

- 2.1 The PFCC is recommended to:-
- i) Note the activity and timetable for meeting the statutory closure deadlines for the 2021/22 Statement of Accounts of; a) publishing the unaudited Statement of Accounts by 31st July 2022 and, b) publishing the audited Statement of Accounts by 30th September 2022.

3.0 Executive Summary

- 3.1 The statutory dates for publishing the 2021/22 draft unaudited Statement of Accounts for the Chief Constable, PFCC and PFCC Group is 31st July 2022 and 30th September 2022 for the audited accounts. A draft timetable to achieve these statutory deadlines is contained in Appendix A.

4.0 Introduction / Background

- 4.1 The Accounts and Audit Regulations 2015 require the PFCC and Chief Constable to publish draft unaudited Statement of Accounts signed by the respective Section 151 officers by 31st May and the audited Statement of Accounts by 31st July. However, in response to issues faced by public bodies and auditors from the global pandemic, on 9th March 2021 the government laid regulations amending these deadlines with the Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263). The amendments effectively provided a temporary extension of statutory deadlines to 31st July for the publication of the draft unaudited Statement of Accounts and 30th September for the audited Statement of Accounts for production of the accounts covering 2020/21 and 2021/22 financial years.

The amendments were the first action that the government completed in response to recommendations of the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting for relevant bodies including Police forces.

- 4.2 In addition to needing to comply with International Financial Reporting Standards when compiling the accounts the force are statutorily obliged to comply with the CIPFA Accounting Code of Practice (referred to as “the Code”) which assists forces with interpreting and applying requirements within the Accounting Standards and overlays requirements specific to local government and police forces.

5.0 Current Work and Performance

Last year, 2020/21, was the first year of working to the temporary deadlines of 31st July and 30th September. The actual date achieved for publishing the draft accounts was 21st June and the final accounts by 25th November.

The team were originally on track to meet the 30th September deadline for the final audited accounts subject to completion of work in respect of the separate Essex Pension Fund audit. At a late stage in the audit Grant Thornton identified pension related issues which were deemed to be material enough to require further investigation in respect of the actuary’s treatment of Essex Police membership data submitted on behalf of the force by the Essex Pension Fund and the amendments made to this data prior to its inclusion in the year-end actuarial valuation reports. Whilst this query was actively

worked on up to the 30th September, it was ultimately not resolved in time for the signing date meaning the S151 officers needed to take a view on the potential materiality of the outstanding issue. On the basis that the S151 officers sign the accounts based on their confidence that the accounts are not materially misstated, it was therefore decided that enough significant doubt existed to defer the signing until further assurance had been sought. The outstanding issues were subsequently resolved with no changes to the accounts necessary. Following completion of the audit of the Essex Local Government Pension Scheme, Grant Thornton received a letter of assurance from the pension fund auditors. In addition, the outstanding membership queries were also resolved, with the data amendments made by the actuary understood and agreed. Following further dialogue and a final review of all of these issues the accounts were subsequently signed on the 24th November and published on the 25th November.

- 5.1 For 2021/22 Corporate Finance are planning for the unaudited Statement of Accounts to be signed by the two Section 151 Officers by 20th June with the audited version to be published by 30th September in line with the amended statutory deadlines. By signing the unaudited Statement of Accounts in June, it is timely for the auditors to commence their work.
- 5.2 Initial discussions have been held with Grant Thornton and they are planning to commence the audit in July. The exact dates for the main on-site inspection in the summer are still be confirmed by Grant Thornton.
- 5.3 The main activities for producing the unaudited Statement of Accounts include year-end accruals, production of the provisional outturn report, technical accounting transactions (for capital, pension, council tax, debtors & creditors, accumulated holiday absences, financial instruments) and production of the core financial statements and notes to the accounts. Some of this activity relates to information from external organisations and we liaise with these organisations to ensure we receive this information in a timely manner, and challenge and query any assumptions or discrepancies as deemed appropriate.
- 5.4 Narrative Report

A key part of the Statement of Accounts is the inclusion of the Narrative Report which was a requirement that was introduced into the Code to make the accounts more accessible to stakeholders explaining how the force has used public money to deliver services and achieve strategic objectives. The force must provide a fair, balanced, understandable, concise analysis of the force's performance and should highlight and explain the relationship with the information presented in the financial statements, ensuring that this is consistent with the information contained within those statements and focus only on core issues.

- 5.5 For the 2019/20 Statement of Accounts the contents and format of the Chief Constable's Narrative Report were reviewed and refined to meet these requirements as well as the

finance elements of the group Narrative Report. This new format will be repeated for the 2020/21 accounts with new opportunities for improvement implemented where possible.

5.6 Timetable

A timetable of the key dates for the statutory Statement of Accounts closure activities is shown at **Appendix A**.

6.0 Implications (Issues)

There are no issues of concern or problems relating to the Statement of Accounts.

6.1 Links to Police and Crime Plan Priorities

The Statement of Accounts links to all priorities within the Police and Crime Plan.

6.2 Risks/Mitigation

If statutory deadlines for publishing the Statement of Accounts are not met this will lead to reputational damage for the Force and may impact on future contracts with suppliers. To mitigate this risk there is a detailed Closure Timetable for monitoring progress including key governance stages for reporting to Chief Officers and the PFCC as outlined in this high level timetable at Appendix A.

6.3 Equality and/or Human Rights Implications

There are no impacts on equality in producing the Statement of Accounts.

6.4 Health and Safety Implications

There are no Health and Safety implications in producing the Statement of Accounts.

6.5 Consultation / Engagement

The Chief Constable's Chief Finance Officer (Section 151 Officer) and the Head of Corporate Accounting and Head of Business Partnering and Management Accounting have been consulted during the production of this timetable. The PFCC's Head of Finance (Section 151 Officer) will be consulted ahead of the board meeting.

7.0 Actions for Improvement

None.

8.0 Future Work/Development and Expected Outcome

There are no major presentational change requirements within the main body of the Statement of Accounts for 2021/22.

Technical work was undertaken for the 2019/20 accounts to adopt new requirements in respect of leasing, which will be relevant to the accounting statements for 2022/23 (originally full implementation was scheduled for 2020/21 accounts but subsequently delayed due to COVID-19). The proposed changes will increase the disclosure requirements for leasing arrangements within the Statement of Accounts. Despite the changes now not being applicable until 2022/23, because the impact of these changes is expected to be potentially material to the Force's finances it was disclosed in the 2019/20 and 2020/21 accounts and this will continue to be disclosed in the accounts until full implementation. Feedback from Grant Thornton on the force's readiness for implementing this new Accounting Standard has been complementary.

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APPENDIX A

2021/22 Statutory Close Timetable – Key Dates	
Date	Activity
Wednesday 18 th May	Provisional Outturn Report, Treasury Management Outturn and Statement of Accounts extracts (including Draft Narrative Report and Remuneration Notes) presented to COG
Monday 30 th May	Provisional Outturn Report, Treasury Management Outturn and Statement of Accounts extracts (including Draft Narrative Report and Remuneration Notes) presented to PFCC Performance, Resources and Scrutiny Board.
Wednesday 15 th June	Draft unaudited Statement of Accounts (including Narrative Report and AGS) presented to COG.
Thursday 16 th June	Draft unaudited Statement of Accounts (including Narrative Report and AGS) presented to PFCC Strategic Board.
Friday 17 th June	Draft unaudited Statement of Accounts (including Narrative Report and AGS) presented to Joint Audit Committee
Monday 20 th June	Unaudited Statement of Accounts to be signed by Section 151 Officers for Chief Constable and PFCC
Monday 27 th June	Signed unaudited Statement of Accounts published on external websites
Monday 4 th July	Start of public inspection and right of challenge period, for unaudited Statement of Accounts
July	Statutory external audit inspection by Grant Thornton commences
Wednesday 21 st September	Closure update report presented to COG (Including Audited Statement of Accounts or latest draft)
To Be Confirmed	Audit opinion issued by Grant Thornton
Friday 23 rd September	Annual Audit Findings Report and final Statement of Accounts report presented to Joint Audit Committee
Monday 26 th September	Annual Audit Findings Report and final Statement of Accounts report presented to PFCC Strategic Board
Friday 30 th September	Audited Statement of Accounts published on external websites
Friday 30 th September	Completion of Audit Notice published on external websites