

## Joint Audit Committee

### Annual Statement of Accounts 2020/21

27 January 2022

Responsible Officer:	Impact on Business:		Risk Register Reference & RAG
Matthew Warren, Jon Lee	High	X	N/a
	Medium		
	Low		
Lead Manager:	Report Type:		
Matthew Warren, Jon Lee	Governance	X	
	Strategic		
	Operational		
Previous papers to Committee:			
Prior year Annual Statement of Accounts for 2019/20 reported in July 2020			

Report summary	Annual Statement of Accounts 2020/21 & Annual Governance Statements
	<p>The report presents the Annual Statement of Accounts of the Chief Constable, the PCC and the Group (combining the Chief Constable's and PCC's accounts) to the Committee for approval subject to the final conclusion of the external audit by BDO.</p> <p>The Constabulary and PCC draft accounts were prepared by the original deadline of the 31 July 2021. Maintaining the planned timetable enabled the public inspection period of the accounts to proceed and for the external audit by BDO to start on schedule. The external audit of the accounts has been delayed as the auditors required additional time to complete the outstanding areas of the audit in the context of competing demands.</p> <p>The accounts presented to the Committee are the final accounts for sign off. The Annual Statement of Accounts are accompanied by the external auditor's ISA 260 (Audit Completion) report to those charged with governance which should be read alongside the accounts. During the course of the audit a number of audit adjustments have been identified and agreed which have been made in the final accounts, these are summarised below. In addition, some audit differences were identified by the auditor, which were not adjusted in the final accounts. These are reported in the Audit Completion report.</p>

	Alongside the final accounts the final Annual Governance Statements of the PCC and Chief Constable are also presented for final approval. These remain materially unchanged from the drafts previously presented to the JAC.			
<b>Related Police and Crime Plan objective</b>				
<b>Action</b> (tick one box only)	Information <input type="checkbox"/>	Assurance <input type="checkbox"/>	Approval <input checked="" type="checkbox"/>	Decision <input type="checkbox"/>
<b>Recommendation</b>	<p>That the Joint Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Approve the Annual Statement of Accounts</li> <li>2. Approve the Annual Governance Statements</li> </ol>			

## Summary Report Movement from Draft to Final and Explanation of unadjusted errors

### Summary of Adjusted Errors

Main changes made due to a double counting of Land Value at HQ £2.7m and increase to annual leave accrual £1.7m due to National Insurance and Tax ERs costs being added. Other numerical amendments are mainly reclassification amendments with the main one being a £13.1m adjustment between past and current pension service costs. Some minor changes to tables and additional Covid implications added to the PC narrative report and the Remuneration tables have been updated to adjust James Haylett and Vicki Evans salaries to reflect the period in their post during the year i.e. both from May 2020 and not the full year salary. Financial Instruments (FI) Note 18 adjusted debtor and creditor balances following recategorisation of balances between FI and non FI. A detailed breakdown of Balance Sheet and Comprehensive income and Expenditure Statement and reasons detailed below.

### Contingent Liability

Cambridgeshire had recognised a contingent liability at 31/3/21 due to having 70 claims for compensation as part of McCloud judgement. We have now removed the contingent liability as have been informed that cases are being settled by the Home office on a National Level.

### Unadjusted Errors - Audit Report page 19 - 24 Audit Completion Report

These are immaterial in the context of the financial statements as a whole. The prior year unadjusted errors are due to not making adjustment in the prior year or restating. Adjustment was done instead in the current year movements. The report shows extrapolated figures with the main ones due to:-

#### **£m**

- 1,732 Standard procedure to estimate what the Land and Buildings would have been valued at had we undertaken 100% valuation in year. This is larger than last year as market movements have been higher.
- (397) Under accrual of £20k on Covid PPE Qtr 4 Grant. Error is extrapolated
- 441 Pension adjustment

### Adjusted Balance Sheet Items

	<b>PCC</b>	<b>Chief</b>	
	<b>£'000</b>	<b>£'000</b>	
Property Plant and Equipment	(2,665)		reduction in land and buildings
Cash at Bank	187		added in value of seized funds held and creating opposite creditor as this is not our money
Short Term Borrowing	(45)		reclassified to long term borrowing
Long Term Borrowing	45		reclassified from short term borrowing
Short Term Creditors	(187)	(1,704)	£1.7m increase to annual leave accrual to include Employers NI and tax in calculation, £187k seized fund creditor
	<b>(2,665)</b>	<b>(1,704)</b>	

### Adjusted CIES Items

Police Services - Grant Income	(1,398)		reclassification from Grant Income to Income from Taxation and Services
Income From Taxation and Services	1,398		reclassification from Grant Income to Income from Taxation and Services
Police Pensions - Supplies and Services	(287)		Reclassification of Supplies and Service Expenditure to Corporate Services
CDC Supplies and Services	287		Reclassification of Supplies and Service Expenditure from Police Services
Police Pension	13,100		reclassification between current and past service costs due to unadjusted prior year McCloud
Other Pay and allowances	(13,100)		reclassification between current and past service costs due to unadjusted prior year McCloud
Police, staff and other pay allowances	1,704		Adjustment to annual leave accrual to allow for employers tax and NI contributions
Impairment of Fixed Assets	2,670		Adjustment to valuation of HQ due to double counting land value
Other operating Expenditure	(5)		
	<b>4,369</b>		