



AGENDA NO: 6

INDEPENDENT AUDIT COMMITTEE - 11 SEPTEMBER 2020

STATEMENT OF ACCOUNTS 2019/20 - DORSET

REPORT BY JULIE STRANGE AND STEVE MACKENZIE

PURPOSE OF THE REPORT

The purpose of this report is to present the Statement of Accounts for 2019/20 for Dorset PCC Group and Dorset Chief Constable to the Independent Audit Committee for its consideration.

1. INTRODUCTION

- 1.1 Each year two Statements of Accounts are produced; one for the Chief Constable's accounts and one for the group incorporating the Police and Crime Commissioner's accounts and those of the Chief Constable. A draft set of accounts are published, usually by 31 May, which are then subject to external audit. The accounts and the findings from the external auditors are considered by the Independent Audit Committee before the final audited accounts are signed off by the Police and Crime Commissioner (PCC) and Chief Constable and then published.
- 1.2 CIPFA guidance on Audit Committees recommends the following in relation to financial reporting:

Financial Reporting

The committee will provide advice and recommendations to the PCC or Chief Constable in relation to:

- Review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the PCC and/or the Chief Constable
- Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

- 1.3 The Statement of Accounts includes:
- A Narrative Report by the Chief Finance Officer
 - The Financial Statements and accompanying notes
 - The Annual Governance Statement

1.4 Ordinarily the draft accounts must be published by 31 May and the statutory deadline for the publication of final audited accounts is 31 July. However, as a result of the coronavirus pandemic the deadlines for the 2019/20 accounts have been amended to the 31 August 2020 and 30 November 2020 respectively. Whilst the relaxation of the deadlines has been welcomed, the impact of the pandemic has brought other challenges, in particular the change to working practices for the Alliance Finance team. Despite this they have still produced the accounts in line with the original timescales and this achievement should be noted.

1.5 The External Auditor's report is being considered elsewhere on the agenda. At the time of writing they have not fully completed their work but it is expected that an unqualified audit opinion will be received for both sets of accounts.

2. PUBLIC INSPECTION PERIOD

2.1 In accordance with statutory requirements the accounts and other documents were made available for inspection during the period from 11 June to 22 July. No requests for information, nor any objections to the accounts, have been received.

3. PENSIONS LIABILITY

3.1 Since the publication of the draft accounts consultations have been launched by the Government regarding potential remedies following the age discrimination rulings, commonly referred to as the McCloud / Sargeant cases. These affect both the Police Pension Scheme and the Local Government Pension Scheme (LGPS). The publication of these consultations are considered to be Post Balance Sheet Events and discussions have been held with the Scheme Actuaries to determine if adjustments to the draft accounts are required.

3.2 For the LGPS, the consultation does not impact on the assumptions made by the Actuary when they provided their IAS19 information in May. As a result, the issuing of the consultation is a non adjusting Post Balance Sheet event and no changes have been made to the figures within the accounts. For the Police Pension Scheme, the original assumptions do need to be updated. It is anticipated that the resulting changes in the valuation will be material therefore further changes will need to be made to the accounts to reflect the updated valuation. The reports have been commissioned from the Actuary and are expected to be received later this month.

3.3 In addition to the McCloud issues, a further adjustment has been made to the accounts in respect of the LGPS. In the IAS 19 valuation there was an adjustment to the liabilities of the scheme to reflect the real life experiences compared to the assumptions made, for example a higher number of transfers into the pension scheme, known as the Experience Loss. Originally this was around £20m but was reduced to £10.7m by the Actuary to reflect a number of transfers out of the scheme which had not previously been reflected. As this is a material adjustment the changes have been reflected in the accounts attached.

4. PENSION FUND AUDIT

4.1 In order to issue their final opinions, our external auditor (Grant Thornton) must receive a Letter of Assurance from the Dorset County Pension Fund auditor (Deloitte). At the time of the writing this has not been received but is anticipated to be received shortly. Whilst Grant Thornton cannot close our audit until the Letter of Assurance is received, it is not expected that this would require any changes to our accounts.

5. ANNUAL GOVERNANCE STATEMENT

- 5.1 The Annual Governance Statements have been updated since the Audit Committee on 7 April 2020, taking into account the Audit Committee's review and comments made. The statements are listed as separate appendices but do form part of the Statement of Accounts for each Corporation Sole.

6. RECOMMENDATIONS

- 6.1 The Audit Committee are asked to consider the following and to report back to the respective PCC and CC on the results of its considerations:
- the selection of appropriate accounting policies;
 - any concerns arising from the audit of the accounts; and
 - the Annual Governance Statement.
- 6.2 That the achievement of the Alliance Finance Team is noted.

Appendices

- A – Police & Crime Commissioner for Dorset Statement of Accounts for 2019/20
B – Police and Crime Commissioner for Dorset Annual Governance Statement 2019/20
C – Chief Constable for Dorset Statement of Accounts for 2019/20
D – Chief Constable for Dorset Annual Governance Statement 2019/20

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