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Police and Crime Commissioner's Financial Accounts 2019/20 presentation

11th June 2020

Amddiffyn a Thawelu Meddwl | Protecting and Reassuring

Financial Accounts 2019/20 - Presentation

- Progress against 2018/19 improvement plan
- 2019/20 Financial statements - status of preparation
- 2019/20 Financial Statements – major events
- 2019/20 Financial Statements - draft out-turn
- Plan for completion
- Questions



Progress against 2018/19 improvement plan

Key actions completed:

- ✓ Close liaison with Audit Wales on staff availability re: annual leave and Covid19.
- ✓ Reformatted accounts and working paper/note templates plus additional checking time in the close down timetable.
- ✓ Regular weekly/daily progress reviews have been held since March 2020, internally and with Audit Wales.
- ✓ Early work included in the closedown timetable and Audit Wales team leader briefed on BRB and its outputs.
- ✓ Established a core team to focus on financial accounts production in May 2020
- ✓ Improved email security means most working papers can be emailed to Audit Wales.

Only one key action has not been completed in full:

- ✗ A revised audit timetable was planned that allowed for a period of internal checks of working papers prior to the final audit visit.

However, Covid19 has caused delays to the overall accounts publication and audit timetable. We continue to work with Audit Wales on the revised timetable.

Financial Statements – Status of preparation

- Covid19 caused delays in collaboration information provided by other forces. This in turn delayed publication of the unaudited accounts beyond 31 May 2020.
- PCC Group and Chief Constable unaudited accounts were produced for audit in week commencing 8 June 2020 in line with revised timetable agreed with Audit Wales.

Action	Date to be completed by	Date completed	Status
Detailed closedown timetable (Joint Audit Committee 04/03/2020)	31/12/2019	19/12/2019	Complete
Internal closedown timetable briefing to Finance team	16/01/2020	04/02/2020	Complete
WAO planning meeting	17/01/2020	16/01/2020	Complete
WAO interim audit (part 1)	20/01/2020	20/01/2020	Complete
BRB mapping updated	31/01/2020	31/01/2020	Complete
Internal guidance on accounts processes issued to OPCC & Force	14/02/2020	21/02/2020	Complete
WAO interim audit (part 2)	09/03/2020	09/03/2020	Complete
Year end – Finance team last working day	31/03/2020	31/03/2020	Complete
2018/19 management accounts closedown	21/04/2020	05/05/2020	Complete
Draft accounts for ACOR/CFO review	25/05/2020	CC – 01/06/2020 PCC – 08/06/2020	Complete
Draft accounts signed and published online	31/05/2020	TBC	Outstanding
WAO final audit visit and JAC meeting	w/c 08/06/2020	w/c 08/06/2020	Complete

Financial Statements – major events

- **PFI Termination**

- The Ystrad Mynach station PFI contract was terminated on 31/01/2020 at a cost of £7.2m (compensation payment of £1.4m, o/s loan debt total £4.2m and treasury break interest cost £1.6m).
- Asset was already treated as “on balance sheet” so already included in long term tangible assets. Long term future lease liability fully discharged.

- **McCloud/Sargeant Pension issue**

- No appeal has been made by the Home Office so Tribunal ruling stands.
- Two elements to be resolved nationally first – compensation to claimants; and remedy approaches to recalculate revised pension positions for all serving/non-serving officers/staff.
- Expected conclusion is 2022 but may take longer.
- Current position and actuary’s estimated impact fully disclosed in 2018/19 and 2019/20 accounts.

- **Covid19 costs**

- Majority of Covid19 costs will fall into the 2020/21 financial year



Financial Statements – draft out-turn

Headline messages from the unaudited accounts:

- **CIES outturn against budget**
 - before accounting and funding adjustments, PCC Group recorded a small surplus of £0.098m against a revenue budget requirement of £129.030m, which will be transferred to usable reserves
- **Reserves**
 - Usable (cash backed) reserves have decreased by £9.2m to £46.1m
 - Unusable (notional) reserves have decreased by £114.8m due to changes in actuarial pension valuations of police/local government pension schemes, and PFI termination
- **Long term assets**
 - increased by £2.1m due primarily to £5.5m tangible/intangible asset additions (including £2.9m of assets under construction for the new HQ) offset by £3.2m of depreciation/amortisation
- **Net current assets**
 - decreased by £6.8m due to payment of PFI termination and movements in working capital balances
- **Long term liabilities**
 - decreased by £113.2m to £1,464.5m due to actuarial movements on pension liabilities

Financial Statements – CIES draft out-turn

Comprehensive Income and Expenditure Statement position (on a funding basis) for the PCC Group is a small surplus of £0.098m against the original budget requirement of £129.030m, which will be taken to usable reserves.

Comprehensive Income and Expenditure Statement 2019/20 (accounting basis)	CC £000	PCC Group £000
Cost of services	176,245	167,236
Other operating expenditure	0	(19,148)
Financial and investment income and expenditure	38,714	40,073
Intra- group adjustment	(218,245)	0
Taxation and non-specific grant income	0	(130,053)
(Surplus)/Deficit on provision of services	0	58,108
Re-measurement on pension net liability	(163,548)	(163,929)
Intra group adjustment	163,548	0
Total comprehensive income/expenditure	0	(105,821)

Financial Statements – Balance Sheet draft out-turn

Balance Sheet for the PCC Group shows net liabilities of £1,385,156m. Usable (cash backed) reserves total £46.1m (2018/19: £55.3m)

Balance Sheet for the year ended 31 March 2020	CC £000	PCC Group £000
Long term assets (property plant and equipment, intangible assets, assets held for sale, long term debtors and long term investments)	1,461,335	35,052
Current assets (short term investments, inventories, debtors and cash)	16,628	63,220
Current liabilities (short term borrowing, creditors and provisions)	(16,628)	(18,913)
Net current assets	0	44,307
Long term liabilities (pension liability, creditors)	(1,461,335)	(1,464,515)
Net liabilities	0	(1,385,156)
Usable Reserves (general fund, earmarked reserves, capital reserves)	0	(46,107)
Unusable reserves (revaluation reserve, capital adjustment account, pension reserve, accumulated absences account)	0	1,431,263
Net reserves	0	1,385,156

Financial Statements - plan for completion

- Outstanding information:
 1. *Final review of working papers for audit*
 2. *Three related party returns (alternative approach agreed with Audit Wales)*
- Timetable for completion:

	Original	Revised
WAO audit commences	8 June 2020	8 June 2020
Audit completion	by 22 July 2020	TBC
Final wash up meeting	16/07/2020	TBC
Final agreed adjustments to accounts	w/c 22 July 2020	TBC
ACO-R/CFO final accounts review	by 26 July 2020	TBC
Joint Audit Committee meeting	29 July 2020	29 July 2020
2019/20 audited accounts signed by Commissioner, Chief Constable, ACOR and CFO, and published online	by 31 July 2020	TBC – proposed call of audit day 1 September 2020

Note: the audit opinion and certificate of closure will only be issued once the Call of Audit day has been successfully concluded.

Questions?

