

GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday 25 January 2023
Report Subject	Statement of Accounts 2021/22
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents the:

- Final version of the Council's Statement of Accounts 2021/22, incorporating those changes agreed with Audit Wales during the course of the audit, for approval
- Audit Wales' report on the audit of the Statement of Accounts 2021/22
- Letter of Representation for the Council

RECOMMENDATIONS

1	Members are requested to approve the final version of the Statement of Accounts 2021/22.
2	Members are requested to consider the Audit Wales report - Audit of the Financial Statements 2021/22 – Flintshire County Council.
3	Members are requested to approve the Letter of Representation.

REPORT DETAILS

1.00	EXPLAINING THE STATEMENT OF ACCOUNTS
1.01	The Governance and Audit Committee received the draft Statement of Accounts 2021/22 on 27 July, for information only at that stage. The Accounts and Audit (Wales) Regulations 2018 specify the statutory deadline for the approval of the Statement as 31 July, however the framework set by Welsh Government extended this to 30 November. This was extended further to 31 January, largely due to a technical accounting issue arising on infrastructure assets.
1.02	The audit of the Statement of Accounts 2021/22 is now substantially complete, although the audit continues up until the point at which the accounts are signed off by the auditors (Audit Wales).
1.03	A copy of the Statement of Accounts 2021/22, incorporating those changes agreed with Audit Wales during the course of the audit and up to the point of writing this report, is attached at Appendix 1.
	<u>Audit Wales' audit of the Statement of Accounts</u>
1.04	Under the International Standards on Auditing (ISA) 260, Audit Wales is required to communicate relevant matters relating to the audit of the Statement of Accounts to those charged with governance, which for the Council is the Governance and Audit Committee.
1.05	Officers from Audit Wales will be in attendance at the meeting to present their findings. This is in the form of a written report which can be found at Appendix 2 to this report.
1.06	It is usual within the course of the audit of any organisation that items will be brought to the attention of the body being audited. Audit findings have been discussed in detail with Audit Wales and, where considered appropriate, adjustments have been made to the draft Statement of Accounts.
1.07	The Audit Wales report includes details of any significant issues arising from the audit, together with recommendations and a summary of adjustments made to the draft Statement of Accounts.
1.08	A Letter of Representation is included at Appendix 3. This requires the Council to confirm the accuracy of the audit. In this letter, the Council confirms to Audit Wales that all the information contained within the Statement of Accounts is true and accurate and that all information has been disclosed.
	<u>Timscales and the impact of COVID-19</u>
1.09	The statutory deadline for producing the draft Statement of Accounts for 2021/22 was 31 May 2022, however, due to the ongoing challenges presented by the pandemic, Welsh Government made use of the flexibility within the regulations to extend the deadline to 31 August.

1.10	As with the previous financial year, the pandemic had a significant impact on producing this year's Accounts, in particular, in ensuring the correct accounting treatment of the significant grants the Council has received and paid out during the year. Therefore, to ensure the quality of the Accounts was maintained, the Accounts were submitted for audit on 6 July and, to comply with regulations, a notice was published explaining the reason for the delay.
1.11	The statutory deadline for publishing the final audited version was 31 July, however this was initially extended to 30 November by Welsh Government. This was extended further to 31 January, largely due to a technical accounting issue arising on infrastructure assets.
	<u>Issues from the 2021/22 accounts</u>
1.12	As reported previously, during the year there had been significant movements in build costs, consequently impacting the carrying value of assets. Asset valuations have been revised to ensure the Accounts are not materially misstated as at 31 March 2022. This has been undertaken along with changes made to the accounting and disclosure of infrastructure assets. CIPFA published an update to the Code in November 2022 which includes a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets, whilst a permanent solution is developed within the Code.
1.13	There were no other significant issues arising during the audit of the 2021/22 Accounts and it is reassuring that Audit Wales are reporting that the Council's Accounts were prepared to a good standard.
	<u>Update on the Clwyd Pension Fund Accounts</u>
1.14	The Clwyd Pension Fund Statement of Accounts were included in the Clwyd Pension Fund Annual Report for 2021/22, which were considered by the Clwyd Pension Fund Committee on 23 November 2022. The Accounts were approved by Members in line with the required deadline of 1 December.

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required and none undertaken.

4.00	RISK MANAGEMENT
4.01	Actions will be taken in year (2022/23) to address recommendations from Audit Wales' report as outlined within the body of the report.

5.00	APPENDICES
5.01	<ol style="list-style-type: none"> 1. Statement of Accounts 2021/22 2. Audit Wales Report – Audit of Financial Statements 2021/22 3. Flintshire County Council Letter of Representation

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Chris Taylor – Strategic Finance Manager Telephone: 01352 703309 E-mail: christopher.taylor@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Audit Wales: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p>Financial Audit: The annual external audit of the Council's Statement of Accounts.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>Materiality: A concept used to inform judgements regarding the accuracy of the Council's Statement of Accounts. The basis could be quantitative with an assigned value or qualitative and affected by issues that are legal, regulatory, or politically sensitive.</p> <p>Statement of Accounts / Final Accounts / Financial Accounts or Statements: The Council's annual finance report providing details of the Council's financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.</p>