

## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday 10 <sup>th</sup> April 2024
<b>Report Subject</b>	Statement of Accounts 2022/23
<b>Report Author</b>	Corporate Finance Manager

### EXECUTIVE SUMMARY

The report presents the:

- Final version of the Council's Statement of Accounts 2022/23, 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 2022/23
- Letter of Representation for the Council

### RECOMMENDATIONS

1	Members are requested to consider the Audit Wales report - Audit of the Financial Statements 2022/23 – Flintshire County Council.
2	Members are requested to approve the final version of the Statement of Accounts 2022/23 following consideration of the Audit Wales report.
3	Members are requested to approve the Letter of Representation.

## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE STATEMENT OF ACCOUNTS</b>
1.01	The Governance and Audit Committee received the draft Statement of Accounts 2022/23 on 26 July 2023, 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.
1.02	The audit of the Statement of Accounts 2022/23 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 2022/23, incorporating those changes agreed with Audit Wales during the audit and up to the point of writing this report, is attached at Appendix 1.
	<b><u>Audit Wales' audit of the Statement of Accounts</u></b>
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 attend 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.
	<b><u>Timescales</u></b>
1.09	The statutory deadline for producing the draft Statement of Accounts for 2022/23 was 31 May 2023, however, due to the delays in completing the Statement of Accounts for 2021/22, resulting from a variety of factors though mainly from a technical issue regarding the valuation of Local Government infrastructure assets, Welsh Government made use of the flexibility within the regulations to extend the deadline to 31 July.

1.10	Therefore, to ensure the quality of the Accounts was maintained, the Accounts were submitted for audit on 12 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 extended, with the aim of bringing back the audited version of the accounts to this Committee for final approval in November.
1.12	The November deadline was unable to be met due to the need for Audit Wales to prioritise audit work across Wales due to recruitment challenges and the impact of the revised auditing standard ISA315. This resulted in the audit work not commencing until November.
	<b><u>Issues from the 2022/23 accounts</u></b>
1.13	<p>New audit standards were implemented for the 2022/23 Accounts, and beyond which resulted in changes to how the audit was conducted, with a focus on more material and high-risk areas in addition to testing accuracy and completeness as usual.</p> <p>A summary of issues identified is included in Audit Wales ISA260 report in Appendix 2. Most issues raised relate to the Councils accounting of its assets.</p> <p>This includes amendments to historic accounting where assets had carrying balances on both the Revaluation Reserve and the Surplus and Deficit on Provision of Services, which is an issue that has been identified in a number of Local Authorities and corrections to the Councils asset due to a manual uplift exercise.</p> <p>All the required adjustments have been included in the revised Statement of Accounts and the amended accounting treatment will continue to be applied in subsequent years.</p>
1.14	Due to the nature of the note, there were issues arising for Related Parties regarding completeness of declaring interests, however, this had no impact on the disclosure of the note in the accounts.
1.15	There were no other significant issues arising during the audit of the 2022/23 Accounts.
	<b><u>Update on the Clwyd Pension Fund Accounts</u></b>
1.16	The Clwyd Pension Fund Statement of Accounts were included in the Clwyd Pension Fund Annual Report for 2022/23, which were considered by the Clwyd Pension Fund Committee on 29 November 2023. The Accounts were approved by Members in line with the required deadline of 1 December.

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

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

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Actions will be taken in year (2023/24) where possible, to address recommendations from Audit Wales' report as outlined within the body of the report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	<ol style="list-style-type: none"> <li>1. Statement of Accounts 2022/23</li> <li>2. Audit Wales Report – Audit of Financial Statements 2022/23</li> <li>3. Flintshire County Council Letter of Representation</li> </ol>

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

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Audit Wales:</b> 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><b>Financial Audit:</b> The annual external audit of the Council's Statement of Accounts.</p> <p><b>Financial Year:</b> the period of 12 months commencing on 1 April.</p> <p><b>Materiality:</b> 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><b>Statement of Accounts / Final Accounts / Financial Accounts or Statements:</b> 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>
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