

## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Monday 27 September 2021
<b>Report Subject</b>	Statement of Accounts 2020/21
<b>Report Author</b>	Corporate Finance Manager

### EXECUTIVE SUMMARY

The report presents the:

- Final version of the Council's Statement of Accounts 2020/21, incorporating those changes agreed with Audit Wales during the course of the audit, for approval
- Audit Wales' presentation on the audit of the Statement of Accounts 2020/21
- Letter of Representation for the Council
- Summary of amendments made to the Statement of Accounts 2020/21

### RECOMMENDATIONS

1	Members are requested to approve the final version of the Statement of Accounts 2020/21.
2	Members are requested to consider the Audit Wales presentation - Audit of the Group Financial Statements 2020/21 – Flintshire County Council.
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 2020/21 on 28 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 extends this to 30 November.
1.02	The audit of the Statement of Accounts 2020/21 is now substantially complete, although the audit continues up until the point at which the accounts are signed off by the auditors.
1.03	A copy of the Statement of Accounts 2020/21, 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.
1.04	Various questions/queries were raised by Members in connection with the draft Statement of Accounts as presented at the Governance and Audit Committee on 28 July. A briefing note outlining the queries raised and the responses given has been circulated to all Members over the summer.
	<b><u>Audit Wales' audit of the Statement of Accounts</u></b>
1.05	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.
1.06	Officers from Audit Wales will be in attendance at the meeting to present their findings. Last year, due to the impact of the COVID-19 pandemic, Audit Wales included a written report for the Committee, however this year they will be reverting to using a presentation. Slides for this presentation can be found at Appendix 2 to this report.
1.07	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.
1.08	A summary of adjustments made to the draft Statement of Accounts can be found at Appendix 4 to this report.
1.09	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>Timscales and the impact of COVID-19</u></b>
1.10	The statutory deadline for producing the draft Statement of Accounts for 2020/21 was 31 May 2021, however, due to the challenges presented by the pandemic, Welsh Government made use of the flexibility within the regulations to extend the deadline to 31 August.
1.11	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, they were submitted for audit on 16 June and, to comply with the regulations, a notice was published explaining the reason for the delay.
1.12	The statutory deadline for publishing the final audited version was 31 July, this was extended to 30 November by Welsh Government.
	<b><u>Issues from the 2020/21 accounts</u></b>
1.13	There were no significant issues arising during the audit of the 2020/21 Accounts and it is reassuring that Audit Wales are reporting that the Council's Accounts were prepared to a good standard.
	<b><u>Progress on the Clwyd Pension Fund Accounts</u></b>
1.14	The draft Clwyd Pension Fund Statement of Accounts were included in the Clwyd Pension Fund Annual Report for 2020/21 which was submitted to the Clwyd Pension Fund Committee on 1 September 2021. Members of the Pension Fund Committee may continue to raise issues on any aspect of the Annual Report, including the accounts, during September and early October.
1.15	The timetable of the audit of the accounts was discussed at the Pension Fund Committee meeting. The deadline for Clwyd Pension Fund to approve and publish its Annual Report is 1 December each year. Audit Wales have indicated that they will commence the audit in mid-October. It is unlikely that the audit will be completed in time for formal sign off at the meeting of the Pension Fund Committee on 10 November, but a report on the latest position will be submitted to that meeting. If required, the Committee may need to be asked to delegate the agreement of any further minor changes with Audit Wales to the Chair of the Pension Fund Committee and Flintshire's Section 151 Officer prior to the end of November, so that the deadline can be met. Any changes to the final Audit Report would then be reported to the next meeting of the Pension Fund Committee.

<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 (2021/22) 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 2020/21</li> <li>2. Audit Wales presentation – Audit of Group Financial Statements 2020/21</li> <li>3. Flintshire County Council Letter of Representation.</li> <li>4. Summary of amendments to Statement of Accounts</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>