

GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 th July 2022
Report Subject	Draft Statement of Accounts 2021/22
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

This report presents the Council's Statement of Accounts for the 2021/22 financial year.

The Accounts and Audit (Wales) Regulations 2014 (as amended) specify that the statutory deadline for the approval of the draft Statement of Accounts by the Responsible Finance Officer is 31st May.

Due to the ongoing challenges arising from the pandemic, Welsh Government have again set an extended framework for draft completion of 31st August - the accounts were completed and submitted for audit on 6th July 2022 which is well within the framework – as required, a notice explaining the delay has been included on the Council's website.

As with the previous financial year, the pandemic has had a significant impact on producing this year's Accounts, particularly around ensuring the correct accounting treatment of the significant number of large grants the Council has received and paid out during the year. Therefore, it was deemed appropriate to take further time to review and quality check the accounts prior to submission.

The draft Statement of Accounts is attached as Appendix 1 for Members' information and will now be audited over the summer prior to the final audited version being brought back to this Committee for final approval on 28th September 2022.

The statutory deadline for publishing the final audited Statement of Accounts for 2021/22 is 31th July 2022, however the temporary framework set out by Welsh Government extends this to 30th November.

Members may discuss any aspect of the draft Statement of Accounts with Officers or Audit Wales throughout the period July to August and a copy of this report and the presentation will be shared with all Members of the Council.

RECOMMENDATIONS

1	Members review the draft Statement of Accounts 2021/22 (which includes the Annual Governance Statement).
2	Members consider the opportunity to discuss any aspect of the draft Statement of Accounts with Officers or Audit Wales from July to August, prior to the final audited version being brought back to this Committee for final approval on 28th September 2022.

REPORT DETAILS

1.00	EXPLAINING THE STATEMENT OF ACCOUNTS
1.01	The Accounts and Audit (Wales) Regulations 2014 (as amended) specify that the statutory deadline for the approval of the draft Statement of Accounts by the Responsible Finance Officer is 31 st May. Due to the ongoing challenges arising from the pandemic Welsh Government have again set an extended framework for draft completion of 31 st August - the accounts were completed and submitted for audit on 6 th July 2022 which is well within the framework – as required, a notice explaining the delay has been included on the Council’s website.
1.02	As with the previous financial year, the pandemic has had a significant impact on producing this year’s Accounts, particularly around ensuring the correct accounting treatment of the significant number of large grants the Council has received and paid out during the year. Therefore, it was deemed appropriate to take further time to review and quality check the accounts prior to submission.
1.03	<p>During 2021/22 not all assets valued under the Depreciated Replacement Cost basis have been revalued, only those in the current cycle were revalued in line with our accounting policy. Those assets not revalued are included in the accounts at their current carrying value i.e. valuation at last revaluation date less subsequent depreciation charged. Due to the current economic climate and the increase in construction costs it is possible that these assets could be underestimated in the accounts, so work may be needed to review these valuations in 2022/23.</p> <p>This issue has been recognised nationally and all Councils are currently awaiting further guidance from CIPFA regarding asset valuations.</p>
1.04	The draft Statement of Accounts is attached as Appendix 1 for Members’ information and will now be audited over the summer.
1.05	At the completion of the audit, Audit Wales will provide a report and opinion on the Statement of Accounts. Any required adjustment as a result of the audit will be incorporated into the final version of the Statement of Accounts and the final version will be presented to this Committee on 28 th September 2022 for approval.

1.06	The statutory deadline for publishing the final audited Statement of Accounts for 2021/22 is 31 st July 2022, however the temporary framework set out by Welsh Government extends this to 30 th November.
1.07	<p>The Council's draft Statement of Accounts have been prepared in accordance with the requirements of the 2021/22 Code of Practice on Local Authority Accounting – which is based on International Financial Reporting Standards (IFRS) and include:</p> <ul style="list-style-type: none"> • The core financial statements and notes comprising – expenditure and funding analysis, comprehensive income and expenditure statement, movement in reserves statement, balance sheet and cash flow statement. • The supplementary financial statements – the housing revenue account income and expenditure statement, movement in reserves statement and notes. • The group accounts – incorporating the financial accounts of North East Wales (NEW) Homes Ltd and Newydd Catering and Cleaning Ltd with that of the Council's. • The Annual Governance Statement.
1.08	The draft Statement of Accounts includes the Annual Governance Statement. This was reviewed by the Governance and Audit Committee, at its meeting on the 8 th June 2022.
1.09	There were no significant revisions to the 2021/22 Code of Practice.
1.10	Members may discuss any aspect of the draft Statement of Accounts with Officers or Audit Wales throughout the period July to August and a copy of this report and the presentation will be shared with all Members of the Council.
1.11	The inclusion of the Clwyd Pension Fund Accounts is no longer a requirement within the Council's Statement of Accounts. The Clwyd Pension Fund draft accounts are due to be signed off by the Section 151 Officer during August and will then be considered by the Pension Committee at the end of August. An update will be provided to the Governance and Audit Committee in September prior to final approval of the audited accounts by Pension Committee in November.

2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are as set out in the report.

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

4.00	RISK MANAGEMENT
4.01	<p>The main risk is the Council not being able to meet its statutory deadlines for producing the Statement of Accounts. This is 31st May for the draft version signed by the Responsible Finance Officer, which was not achieved as discussed above; and 31th July for publishing the final version which has been externally audited, by Audit Wales in Flintshire's case. Welsh Government framework allows this to be extended to the deadline of the 30th November.</p> <p>Officers have already been working closely with Audit Wales in preparing for the financial audit and will continue to do so during July and August to resolve queries arising. Progress will continue to be overseen by the Accounts Governance Group, a group of senior officers including the Chief Executive, Monitoring Officer and Section 151 Officer.</p>

5.00	APPENDICES
5.01	1. Draft Statement of Accounts 2021/22

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Chris Taylor, Strategic Finance Manager Telephone: 01352 703309 E-mail: christopher.taylor@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<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>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>
