

<b>Report to</b>	Corporate Governance Committee
<b>Date of meeting</b>	9 <sup>th</sup> September 2020
<b>Lead Member / Officer</b>	Julian Thompson Hill
<b>Report author</b>	Steve Gadd, Head of Finance and Property
<b>Title</b>	Approval of the Statement of Accounts 2019/20

## **1. What is the report about?**

The council has a statutory duty to produce a statement of accounts that complies with approved accounting standards. The audited accounts have to be formally approved by elected members on behalf of the council.

## **2. What is the reason for making this report?**

The financial statements for 2019/20 were approved, subject to audit, by the Head of Finance on 15<sup>th</sup> June (3<sup>rd</sup> June last). The draft accounts were presented to Corporate Governance Committee on 8<sup>th</sup> July 2020 and were open to public inspection from 3<sup>rd</sup> August to 28<sup>th</sup> August. These dates were later than usual due to the current restrictions related to Covid 19.

The Accounts and Audit Regulations require that the Council formally approves the audited accounts, containing the external auditor's opinion, by 15<sup>th</sup> September. The approval of the audited accounts has been delegated to the Corporate Governance and Audit Committee.

The Statement of Accounts is produced in compliance with the International Financial Reporting Standards (IFRS). The Chartered Institute of Public Finance & Accountancy (CIPFA) produces the IFRS based Code of Practice on Local Authority Accounting and the council has produced the 2019/20 accounts in compliance with the Code.

The accounts include an unqualified audit opinion and audit certificate. Wales Audit Office will update the Committee if there are any new issues to report on.

### **3. What are the Recommendations?**

That the Committee approve the Statement of Accounts 2019/20 (see Appendix 1). At the meeting, the Chair and Chief Finance Officer will be required to sign the Accounts and the Letter of Representation.

### **4. Report details**

The accounts presented have been produced in compliance with the required accounting standards.

International Financial Reporting Standards are a suite of accounting standards used across the world. IFRS has been developed for the private sector but in theory the vast majority of transactions are the same in accounting terms regardless of the sector. As there are some areas where public sector accounting treatment diverges from IFRS (because for example of legislative requirements), an additional set of standards has been introduced to deal with these provisions called the International Public Sector Accounting Standards.

The accounts were made available for audit as required and have been open to public inspection. The accounts have been audited by the Wales Audit Office who will present an overview of their findings and assessment of the process in a report to the committee. The Audit of Financial Statements Report forms Appendix 2 to this report.

The audit process resulted in some technical adjustments and other corrections and amendments. More details of these will be presented in the auditor's report.

As reported previously to Corporate Governance the statutory deadlines for Local Government are being brought forward as detailed in the table below:

	Current Dates	ORIGINAL Interim Dates for SofA 2018/19 and 2019/20	REVISED COVID DATES FOR 2019/20	Final Position from 2020/21
Final date on which the Chief Finance Officer must sign and date the statement of accounts	30th June	15th June	31st August	31st May
Date that council must approve and publish an audited statement of accounts	30th September	15th September	30th November	31st July

## **5. How does the decision contribute to the Corporate Priorities?**

The publication of the Statement of Accounts underpins the financial stewardship and governance of the council and therefore supports all council services and priorities.

## **6. What will it cost and how will it affect other services?**

There are no additional cost implications as a result of this report.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

It is the professional judgement of the Section 151 Officer that a Well-being Impact Assessment is not required for this report.

## **8. What consultations have been carried out with Scrutiny and others?**

Wales Audit Office has worked closely with the Finance team to ensure the timely and successful finalisation of the audit. Professional opinions are drawn from numerous other disciplines beyond finance, such as legal, property valuation, HR and pensions.

## **9. Chief Finance Officer Statement**

The Statement of Accounts has again received an unqualified audit opinion. This is a significant achievement given the scale and complexity of the accounts and the difficulties of adjusting to the working arrangement necessitated by the Covid 19 restrictions. Internal procedures will continue to be reviewed annually to ensure that the council continues to deliver high quality financial statements. This will take into account the issues arising from the audit that have been raised in the audit report.

It is also pleasing that the draft accounts were prepared and ready for audit within the earlier deadline of 15 June. Work will continue to bring the completion date forward in order that the Council is in a position to meet the deadline of 31 May for the 2020/21 set of accounts.

## **10. What risks are there and is there anything we can do to reduce them?**

The council would be in breach of its statutory duty if it could not approve the accounts by 30<sup>th</sup> November.

## **11. Power to make the decision**

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. The Appointed Auditor is required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the council and must be satisfied that the accounts have been completed in compliance with the Accounts and Audit (Wales) Regulations 2018.

Many Local Authorities highlighted the severe work pressures imposed by the financial response to Covid 19 and lobbied for a formal extension of the deadline for 2019/20 accounts. Although late in the process a letter was received on 30<sup>th</sup> April 2020 from Welsh Government to Directors of Finance confirming the following:

“To provide some certainty and a framework for completion of the annual accounts, we recommend Welsh authorities adopt a timetable for the 2019-20 accounts in line with the revised English requirements. This will require preparation and certification of draft accounts by 31 August 2020 and publication of final audited accounts by 30 November

2020 for all local government bodies in Wales. We would encourage councils to approve earlier wherever possible and engage with their auditors to help manage overall pressure on Audit Wales. If working towards this later timetable, bodies will need to ensure they publish the required notices as set out in the Regulations.”