

Report to	Corporate Governance Committee
Date of meeting	28 th July 2021
Lead Member / Officer	Julian Thompson Hill
Report author	Steve Gadd, Head of Finance and Property
Title	Update on Draft Statement of Accounts 2020/21

1. What is the report about?

To provide an update on the progress of the draft Statement of Accounts 2020/21 and the process underpinning it.

2. What is the reason for making this report?

The Governance and Audit Committee has delegated responsibility to approve the audited accounts. It had been hoped that the draft accounts would've been ready to present to the July meeting. This report explains the reasons behind why that has not been possible this year and what the plans are going forward to ensure the final accounts are approved by the committee within the regulatory timescales.

3. What are the Recommendations?

3.1 To note the update on progress to complete the draft accounts.

3.2 To agree to amend the committee's forward work programme to consider the Draft Statement of Accounts at the meeting on 22nd September and to receive the Final Statement of Accounts and Audit Wales audit report at the meeting on 24th November.

4. Report details

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. This role has been delegated to the Governance and Audit Committee.

As happened last year the Welsh Government issued guidance that due to the ongoing impact of Covid the statutory deadlines for the completion of the Draft and Audited accounts would be extended as set out in the table below. DCC took the early decision to issue a notice to say that we would not be aiming for the statutory early deadline but would achieve the revised deadlines. This decision was taken in consultation with AW and informed by their assessment of their ability to complete the required audit work. The main factor for DCC in taking this decision was that we knew that we would need to produce the Group Accounts (which includes the accounts for Denbighshire Leisure Limited) before we could sign the draft accounts. We recognised that this would be a challenging year for both DLL and DCC to ensure all the information was available on time.

“Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that the Responsible Financial Officer of Denbighshire County Council sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations require that this be completed by 31 May 2021.

The 2020/21 statutory deadlines are shown in the table below along with extended deadlines provided by Welsh Government due to the continuation of the pandemic.

Item	Statutory Deadline	Extended Deadline
Draft Statement of Accounts	31 May 2021	31 August 2021
Audited Statement of Accounts	31 July 2021	30 November 2021

The Responsible Financial Officer has not signed and certified the accounts for the year ended 31 March 2021 due to the impact of Covid19 on staff resources and additional work to finalise the accounts this year, and will work within the extended deadlines.”

However at that time we still hoped to be able to keep to the Committee deadlines set out at the beginning of the year, which was July G&AC for the draft accounts and September for the audited accounts. In recent weeks this position has had to be reviewed and is summarised below:

- DCC have finalised the ‘single entity’ accounts in mid-June and passed over to AW following an internal review on 22nd June for the audit work to start
- We have received an unsigned copy of the DLL accounts on July 14th – although this may be subject to review prior to sign off by the company
- The production of the DLL accounts were more complicated than expected and external information (eg Pensions valuation report) took longer to receive than the company expected.
- Although draft DLL figures were available earlier and shared with DCC, these did not include some key figures such as the Pensions information. It was agreed with AW that we should wait for the signed draft before trying to produce the Group Accounts.
- We have factored in approximately 2 weeks for the work to consolidate the DLL accounts into the single entity accounts – it is therefore hoped that the signed Draft Group Statement of Accounts will be available in early August and will definitely be available to be presented to the September committee.
- Alongside these internal issues AW had shared concerns about their capacity to achieve the September deadline for the completion of the audit. We agreed to jointly propose that the Audited set of Accounts be finalised and presented to G&AC in November, although they hope to complete the audit work before then.

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?

The council's procedures and processes underpinning the production of the accounts are regularly reviewed by the Audit Wales. 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 is a key element of the council's governance framework. It is important that elected members are assured that the accounts have been produced in compliance with the relevant standards and that the process underpinning the production of the accounts is robust. Although it is disappointing that the timetable has slipped this year it is important to note the following:

- The accounts will still be signed off within the revised regulatory timescales.
- It is also pleasing that the draft single entity Statement of Accounts were prepared within the original timescales
- A great deal of work that has gone into the DLL accounts will not be required next year, as it was their first full year of trading. We will work with DLL during the autumn to ensure that a robust and achievable timetable is agreed for completion of the consolidated accounts next year.

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 30th 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.