

<b>Report to</b>	Governance and Audit Committee
<b>Date of meeting</b>	24 <sup>th</sup> November 2021
<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 2020/21

## **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 2020/21 were approved, subject to audit, by the Head of Finance and Property on 2<sup>nd</sup> August (15<sup>th</sup> June last year). The draft accounts were presented to Corporate Governance Committee on 22<sup>nd</sup> September 2021 and were open to public inspection from 2<sup>nd</sup> September to 29<sup>th</sup> September. The approval of the audited accounts has been delegated to the 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 2020/21 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?

3.1 To note the position as presented in the draft accounts (see Appendix X)

### 4. Report details

The dates identified in Section 2 are later than usual and a report explaining the reasons for the delay was presented to G&AC in July and an update when the draft accounts were presented in September. The position is summarised below.

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. We recognised that this would be a challenging year for all concerned to ensure all the information was available on time.

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

It is really pleasing that we have managed to work closely with Audit Wales and other DCC services to reach a position where we can present a final set of accounts to this meeting. However it is important that the committee understand the impact of the delay on those accounts and the ongoing work of the finance team:

- Firstly, the delay has meant that we have not had time to correct misstatements that we would normally have – these corrections will be made for next year’s accounts.
- Secondly, in a usual year the focus and energy of the Capital and Technical team from September turn to strategic capital planning, budget setting, addressing Internal Audit recommendations and planning for next year’s closure of accounts

processes. All these activities have been put on hold for 3 additional months and will have an impact on service delivery going forwards.

## **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
- We have agreed to bring a report to this Committee early in 2022 to update on the plans and progress to return to the statutory early closure of accounts deadlines.

## **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.