

Report to	Governance and Audit Committee
Date of meeting	27 th July 2022
Lead Member / Officer	Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets
Report author	Steve Gadd, Head of Finance and Property
Title	Update on Draft Statement of Accounts 2021/22

1. What is the report about?

To provide an update on the progress of the draft Statement of Accounts 2021/22 and the process underpinning it.

2. What is the reason for making this report?

The Corporate Governance Committee has delegated responsibility to approve the audited accounts which it is hoped will be presented on 21st September 2022. Presenting the draft accounts gives an early indication of the council's financial position and can highlight any issues in the accounts or the process prior to the accounts being audited.

3. What are the Recommendations?

3.1 To note the position as presented in the draft accounts (see Appendix 1).

4. Report details

4.1 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. The draft accounts have now been finalised and were signed by the Head of Finance on the 27th June (2nd August last year). The draft accounts

have been made available for audit as required and will be open to public inspection from 15th July to 11th August.

4.2 As happened for the last few years 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 (see below) 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.

“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 2022.

The 2021/22 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
<i>Draft Statement of Accounts</i>	<i>31 May 2022</i>	<i>31 August 2022</i>
<i>Audited Statement of Accounts</i>	<i>31 July 2022</i>	<i>30 November 2022</i>

The Responsible Financial Officer has not signed and certified the accounts for the year ended 31 March 2022 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.”

We do, however, still hope 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.

4.3 The narrative report in the Statement of Accounts states that:

“During 2021-22 the Council houses were revalued as part of the 5 year rolling valuation programme. However only a few assets were revalued under the Depreciated Replacement Cost Basis. Those assets not revalued are included in the accounts at their current carrying value. Due to the current economic climate and the increase in construction costs it is likely that these assets will be underestimated in the accounts. Work will begin to revalue these assets not revalued in year for the 2022-23 financial year.”

This issue has been discussed with Society of Welsh, Audit Wales and CIPFA however the issue has not been resolved prior to the deadlines of submitting the draft accounts. A full revaluation is not possible within the current timescales for 2021/22 and would have severe implications for workload for forthcoming years.

5. What will it cost and how will it affect other services?

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

6. 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.

7. 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.

8. 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.

9. 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.