



**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2021/22**

<b>GOVERNANCE &amp; AUDIT COMMITTEE</b>	<b>Item No. 6</b>
<b>REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES</b>	<b>DRAFT STATEMENTS OF ACCOUNT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2021</b>

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**1.0 PURPOSE OF REPORT**

- 1.1 This report provides the Audit Committee with the opportunity to consider the certified draft Statements of Account for the 2020/21 financial year in respect of the Council, Rhondda Cynon Taf Pension Fund, Central South Consortium Joint Education Service Joint Committee and the Annual Return for Llwydcoed Crematorium Joint Committee.
- 1.2 To update Members with regard to the continued impact of COVID 19 on progress of proposed plans for earlier production and audit of the Statements of Account in accordance with Accounts and Audit (Wales) (Amendment) Regulations 2018.

**2.0 RECOMMENDATIONS**

It is recommended that Members;

- (a) Consider the Council's certified draft Statement of Accounts for the financial year 2020/21 (Appendix 1);

- (b) Consider the Rhondda Cynon Taf Pension Fund certified draft Statement of Accounts for the financial year 2020/21 (Appendix 2);
- (c) Consider the Central South Consortium Joint Education Service Joint Committee certified draft Statement of Accounts for the financial year 2020/21 (Appendix 3);
- (d) Consider the Llwydcoed Crematorium Joint Committee certified draft Annual Return for the financial year 2020/21 (Appendix 4);
- (e) Consider the impact, if any, upon the Statements of Account and Annual Return of issues and audit reports brought before the Committee during the year; and
- (f) Note the impact of COVID 19 on progress of the proposed plans for earlier production and audit of the Statements of Account and Annual Return in accordance with the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2018.

### **3.0 ACCOUNTS AND AUDIT (WALES) (AMENDMENT) REGULATIONS 2018**

- 3.1 The 2014 regulations have been amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018 and require Local Authorities to produce and publish Statements of Account earlier. The table below details the earlier deadlines:

<b>Financial Year</b>	<b>Draft Statement of Accounts certification</b>	<b>Audited Statement of Accounts publication</b>
2017/18	30 <sup>th</sup> June	30 <sup>th</sup> September
2018/19	15 <sup>th</sup> June	15 <sup>th</sup> September
2019/20	15 <sup>th</sup> June	15 <sup>th</sup> September
2020/21	31 <sup>st</sup> May	31 <sup>st</sup> July

- 3.2 As can be seen from the table, the revised regulations required officers (by 2020/21) to produce the draft Statement of Accounts one month earlier than the 2017/18 deadline and to publish audited accounts two months earlier than the 2017/18 deadline.
- 3.3 To enable officers to work towards the earlier closure requirements, and prior to the COVID 19 outbreak, a draft timetable was prepared as follows:

Financial Year	Draft Statement of Accounts certification		Audited Statement of Accounts publication	
	Regulations	RCT CBC	Regulations	RCT CBC
2016/17	30 <sup>th</sup> June	15 <sup>th</sup> June	30 <sup>th</sup> Sept	20 <sup>th</sup> Sept
2017/18	30 <sup>th</sup> June	31 <sup>st</sup> May	30 <sup>th</sup> Sept	20 <sup>th</sup> Sept
2018/19	15 <sup>th</sup> June	31 <sup>st</sup> May	15 <sup>th</sup> Sept	31 <sup>st</sup> July
2019/20	15 <sup>th</sup> June	31 <sup>st</sup> May	15 <sup>th</sup> Sept	31 <sup>st</sup> July
2020/21	31 <sup>st</sup> May	31 <sup>st</sup> May	31 <sup>st</sup> July	31 <sup>st</sup> July

- 3.4 Members will note that for 2017/18, draft accounts were certified by 31<sup>st</sup> May. This was three years ahead of requirements of the regulations. Similarly, the publication date of the 2018/19 audited accounts was 31<sup>st</sup> July 2019, two years ahead of the regulation requirements. Accordingly, we had managed to locally meet the new deadlines two years ahead of the regulatory requirement which positioned us extremely well.
- 3.5 The above timetable allowed officers to work with Audit Wales to streamline processes, learn from issues with early closure and address them on a timely basis.
- 3.6 The impact of COVID 19 however required the reprioritisation of resources to support key front line and essential support services to our residents and businesses which resulted in a necessary and managed change to our accounts preparation timetable for 2019/20 and 2020/21.

#### **4.0 IMPACT OF COVID 19 UPON THE STATUTORY APPROVAL PROCESS**

- 4.1 The regulations include a provision whereby if the Responsible Financial Officer does not certify the draft accounts by 31<sup>st</sup> May (15<sup>th</sup> June for 2019/20), there is a requirement to publish a statement setting out the reasons for non-compliance.
- 4.2 Welsh Government clarified their expectation for the timescales for the preparation and publication of 2020/21 statutory financial accounts, confirming there is no requirement to amend regulations and, in line with the revised 2019/20 timetable, would require preparation and certification of draft accounts by 31 August 2021 and publication of final audited accounts by 30 November 2021 for all local government bodies in Wales. However, the Welsh Government encourages Councils to approve earlier wherever possible.
- 4.3 Officers have maintained regular dialogue with Audit Wales with regard to timescales for the production and audit of the Statements of Account. Finance teams are currently working effectively (generally from home) and whilst the original timetable, pre Covid-19, was initially targeting the 31<sup>st</sup> May to prepare a draft Statement of Accounts (to be audited by July) this

target date was re-set to early July to enable focus and priority to continue to be afforded to supporting key front line and essential support services to our residents and businesses and to assessing the ongoing financial implications of COVID-19 on the Council.

- 4.4 In accordance with the requirements set out in paragraph 4.2, appropriate [notices](#) were published on the Council website.
- 4.5 The draft Statements of Account for Rhondda Cynon Taf County Borough Council and the Rhondda Cynon Taf Pension Fund have now been certified by the Director of Finance and Digital Services on the 2<sup>nd</sup> July 2021. Subject to ongoing prioritisation of resources and discussions with Audit Wales, we are currently targeting the completion of the audit process and submission to Council of the Rhondda Cynon Taf County Borough Council accounts in September 2021 with Pension Fund anticipated to be completed slightly later in the autumn.
- 4.6 The Council has administrative responsibility for the production of accounts for the Central South Consortium Joint Education Service Joint Committee. The draft unaudited accounts were presented to the Joint Committee on 27<sup>th</sup> May 2021 and were certified by the Director of Finance and Digital Services on that date. The audited accounts are scheduled to be presented for approval at the Joint Committee meeting on 22<sup>nd</sup> September 2021.
- 4.7 The Council also has administrative responsibility for the production of the Annual Return for the Llwydcoed Crematorium Joint Committee. The Annual Return replaced the requirement for a full Statement of Accounts for the Llwydcoed Crematorium Joint Committee effective from the 2015/16 financial year due to the increase in the threshold of gross income or gross expenditure for smaller relevant bodies, from £1m per year to not more than £2.5m. The draft unaudited Annual Return was certified by the Director of Finance and Digital Services on 28<sup>th</sup> May 2021 and was reported to and approved by the Joint Committee on 8<sup>th</sup> June 2021.

## **5.0 LOCAL GOVERNMENT MEASURE 2011**

- 5.1 The Statutory Guidance from the Local Government Measure 2011 was published in June 2012 and provided clarity on the role of Audit Committees in the approval process of a Council's Statement of Accounts. The relevant excerpt is shown below.

### ***Financial statements***

*9.21 Before their approval by the authority, the audit committee should consider and comment on the authority's certified draft financial statements. They will want to see to what extent the statements take*

*cognisance of audit reports during the year, and changes in accounting policy and internal control mechanisms. Audit committees may approve the financial statements themselves where local authorities have delegated that power to them under regulation 9 of the Accounts and Audit Regulations (Wales) 2005 (as amended).\**

*\* The Statutory Guidance referred to above references regulation 9 of the Accounts and Audit Regulations (Wales) 2005 (as amended). However, this has now been replaced by regulation 10 of the Accounts and Audit Regulations (Wales) 2014. Welsh Government have advised that references to the 2005 regulations in subordinate legislation and statutory guidance will be replaced with the 2014 regulation references in due course.*

- 9.22 *CIPFA's "toolkit" should be used to assist in the proper scrutiny of these statements.*
- 9.23 *Reports and recommendations by the audit committee should be considered by full council in particular, as well as the executive.*
- 5.2 As Members will be aware, full Council has responsibility for approval of the Council and Pension Fund Statements of Account (as set out in its Constitution); the Llwydcoed Crematorium Joint Committee has the respective responsibility for its Annual Return; and the Central South Consortium Joint Education Service Joint Committee has responsibility for the approval of its Statement of Accounts.
- 5.3 The Guidance (referenced as para 9.22 above) refers to the use of the CIPFA toolkit for local authority Audit Committees. Section 5 of the "toolkit" deals with "Financial reporting and regulatory matters", and attached at Appendix 5 is the full narrative from this section of the toolkit.

## **6.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY**

- 6.1 There are no equality and diversity implications or socio-economic duty implications as a result of the recommendations set out in the report.

## **7.0 CONSULTATION**

- 7.1 There are no consultation implications as a result of the recommendations set out in the report.

## **8.0 FINANCIAL IMPLICATION(S)**

- 8.1 There are no financial implications as a result of the recommendations set out in the report.

## **9.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 9.1 The report ensures the Council complies with the Accounts and Audit (Wales) Regulations 2014 (as amended), Accounts and Audit (Wales) (Amendment) Regulations 2018 and also with the requirements of the Local Government Measure 2011.

## **10.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

- 10.1 This report evidences the progress made in delivering the Council's Corporate Plan 2020 – 2024 "Making a difference", in particular through supporting the 'Living within our means' cross-cutting theme by ensuring transparent financial reporting.

## **11.0 CONCLUSION**

- 11.1 Acknowledging the amendment to the planned timescales as a result of managing the impact of COVID 19, the certification of all draft Statements of Account and Annual Return demonstrates the continued effective financial management arrangements at the Council.
- 11.2 The role of the Governance and Audit Committee in the approval process for the Statements of Account of the Council, Pension Fund, Central South Consortium Joint Education Service Joint Committee and Annual Return for Llwydcoed Crematorium Joint Committee is defined in the Statutory Guidance from the Local Government Measure 2011 and this report provides the opportunity for this Committee to discharge these responsibilities.
- 11.3 Officers will continue to work closely with Audit Wales to ensure the continuation of effective joint planning for the audit of the Statements of Account in accordance with the regulations during the pandemic.

**LOCAL GOVERNMENT ACT 1972**  
**AS AMENDED BY**  
**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**  
**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**  
**GOVERNANCE AND AUDIT COMMITTEE**

12<sup>th</sup> July 2021

**DRAFT STATEMENTS OF ACCOUNT FOR THE FINANCIAL YEAR ENDED  
31<sup>st</sup> MARCH 2021**

**REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES**

Author: Barrie Davies (Director of Finance and Digital Services)

**Background Papers**

None.

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