



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2023/24

GOVERNANCE & AUDIT COMMITTEE	AGENDA ITEM NO. 4
REPORT OF THE DEPUTY CHIEF EXECUTIVE & GROUP DIRECTOR - FINANCE, DIGITAL & FRONTLINE SERVICES	DRAFT STATEMENTS OF ACCOUNT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2023

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1.0 PURPOSE OF REPORT

- 1.1 This report provides Governance and Audit Committee with the opportunity to consider the certified draft Statements of Account for the 2022/23 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 regarding timelines for the production and audit of the Statements of Account.

2.0 RECOMMENDATIONS

It is recommended that Members;

- (a) Consider the Council's certified draft Statement of Accounts for the financial year 2022/23 (Appendix 1);

- (b) Consider the Rhondda Cynon Taf Pension Fund certified draft Statement of Accounts for the financial year 2022/23 (Appendix 2);
- (c) Consider the Central South Consortium Joint Education Service Joint Committee certified draft Statement of Accounts for the financial year 2022/23 (Appendix 3);
- (d) Consider the Llwydcoed Crematorium Joint Committee certified draft Annual Return for the financial year 2022/23 (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 plans for production and audit of Statements of Account and Annual Return for financial years 2022/23, 2023/24 and 2024/25, in line with Audit Wales and Welsh Government notifications.

3.0 TIMELINES FOR THE PRODUCTION, AUDIT AND PUBLICATION OF STATEMENTS OF ACCOUNT

- 3.1 The Accounts and Audit (Wales) Regulations 2014 have been amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018 requiring Local Authorities to produce and publish Statements of Account earlier with effect from 2018/19 financial year. Members will be aware that earlier closure of accounts was successfully implemented by this Council, ahead of the timetable defined within the 2018 Amendment Regulations, and, in respect of 2018/19, accounts were published by 31st July after the end of the financial year.
- 3.2 In line with Welsh Government's expectations, the impact of COVID 19 required the reprioritisation of resources to support key front line and essential support services to our residents and businesses resulting in a necessary and managed change to our accounts preparation timetable from 2019/20.
- 3.3 More recently, in the Auditor General for Wales's letter to Local Government bodies, Welsh Government and the WLGA dated 23rd March 2023, it was explained that the introduction of a revised auditing standard and delays in completing the audit of 2021/22 accounts necessitate an extension to audit certification deadlines.
- 3.4 Further detail was provided by Audit Wales in accompanying correspondence from the Executive Director Audit Services, detailing a planned timetable for certification of accounts as follows:

2022/23	30 th November 2023
2023/24	31 st October 2024
2024/25	30 th September 2025

3.5 Two key reasons were provided for the extended timescales:

1. The implementation of a revised auditing standard (*ISA 315 (UK) Identifying and Assessing the Risk of Material Misstatement (Revised July 2020)*) requiring auditors to undertake more detailed and extensive risk assessment procedures to identify risks of material misstatement.
2. The impact of delays in completing audits of 2021/22 accounts mainly as a result of a UK wide technical issue regarding the valuation of local government infrastructure assets. CIPFA issued its final accounting guidance on infrastructure assets in January 2023 impacting upon Audit Wales's ability to commence 2022/23 audits in line with previous timetables.

3.6 As a result of the Audit Wales correspondence, in its letter of 19th May 2023, Welsh Government clarified their expectation for the timescales for the preparation and publication of statutory financial accounts as follows (noting that Welsh Government encourages Councils to approve earlier wherever possible):

Statement of Accounts	Preparation	Publication
2022/23	31 st July 2023	31 st December 2023
2023/24	30 th June 2024	30 th November 2024
2024/25	30 th June 2025	31 st October 2025

3.7 Welsh Government also advised of its intention to consult on and make amendments to the Accounts and Audit (Wales) Regulations before 31st March 2024 as a result of the longer-term timetable.

3.8 The Accounts and Audit (Wales) Regulations currently include a provision whereby if the Responsible Financial Officer does not certify the draft accounts by 31st May, or the accounts are not published by 31st July, there is a requirement to publish a statement setting out the reasons for non-compliance. In accordance with these requirements, appropriate [notices](#) were published on the Council website.

3.9 The draft Statements of Account for Rhondda Cynon Taf County Borough Council and Rhondda Cynon Taf Pension Fund were certified by the Deputy Chief Executive & Group Director - Finance, Digital & Frontline Services on the 31st July 2023.

- 3.10 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 23rd May 2023 and were certified by the Deputy Chief Executive & Group Director - Finance, Digital & Frontline Services on 24th May 2023. The audited accounts are planned to be presented for approval at a Joint Committee meeting during the autumn.
- 3.11 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 Deputy Chief Executive & Group Director - Finance, Digital & Frontline Services on 14th June 2023 and was reported to and approved by the Joint Committee on 27th June 2023.

4.0 LOCAL GOVERNMENT MEASURE 2011

- 4.1 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.*
- 4.2 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.
- 4.3 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.
- 5.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY**
- 5.1 There are no equality and diversity or socio-economic duty implications as a result of the recommendations set out in the report.
- 6.0 CONSULTATION**
- 6.1 There are no consultation implications as a result of the recommendations set out in the report.
- 7.0 FINANCIAL IMPLICATION(S)**
- 7.1 There are no financial implications as a result of the recommendations set out in the report.
- 8.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**
- 8.1 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.

9.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

- 9.1 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.

10.0 CONCLUSION

- 10.1 Acknowledging the amendment to the planned timescales as detailed in the report, the certification of all draft Statements of Account and Annual Return demonstrates the continued effective financial management arrangements at the Council.
- 10.2 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.
- 10.3 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.

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

4th September 2023

**DRAFT STATEMENTS OF ACCOUNT FOR THE FINANCIAL YEAR ENDED
31st MARCH 2023**

**REPORT OF THE DEPUTY CHIEF EXECUTIVE & GROUP DIRECTOR -
FINANCE, DIGITAL & FRONTLINE SERVICES**

Author: Barrie Davies (Deputy Chief Executive & Group Director - Finance,
Digital & Frontline Services)

Background Papers

None.

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