

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	25 JANUARY 2024
Report Title:	AUDITED STATEMENT OF ACCOUNTS 2022-23
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE
Responsible Officer:	NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT
Policy Framework and Procedure Rules:	The Accounts and Audit (Wales) Regulations 2014 (as amended) require Local Authorities to publish audited statement of accounts. The regulations require this to be completed by 31 July following the end of the financial year, however, the audit of the 2022-23 accounts was delayed and the audited accounts will be published as soon as practicable following audit certification.
Executive Summary:	<ul style="list-style-type: none"> • The unaudited statement of accounts were passed to Audit Wales on 18 July 2023 and presented to the Governance and Audit Committee on 26 July 2023. • The audit commenced on 23 October 2023 and has now been significantly completed. • A number of amendments to the accounts have been made which are outlined in Appendix B. • It is the intention of the auditor to issue an unqualified audit report.

1. Purpose of Report

- 1.1 The purpose of this report is to present to the Governance and Audit Committee the audited Statement of Accounts for 2022-23 for approval, which is due to be certified by the external auditors, Audit Wales, along with the associated Letter of Representation of the Council, the Annual Governance Statement included as part of the Statements, and the auditors letter in relation to the audit of the accounts.
- 1.2 Audit Wales will update the Committee on their main findings from the audit, summarise the audit work carried out in respect of the 2022-23 financial year, and present their Audit of Accounts report, which requires the appointed auditor to report these key findings to those charged with governance.

2. Background

- 2.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018) and its content is defined by the

Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code).

2.2 The unaudited Statement of Accounts 2022-23 was signed by the responsible financial officer on 18 July 2023 and presented to the Governance and Audit Committee on 26 July 2023 for noting. The audit was undertaken during October 2023 to January 2024 and has now been substantially completed.

3. Current situation / proposal

3.1 Audit Wales have substantially completed their audit work and the Statement of Accounts are due to be signed by the Auditor General for Wales on 26 January 2024, subject to Governance and Audit Committee approval of the accounts.

3.2 As part of their audit, a number of amendments were identified and these are noted below.

3.3 Amendments that impacted on the primary statements:

- An amount of £0.278 million was inadvertently included in 2022-23 which should have been excluded, as it related to 2023-24. This amendment reduced the income figure in the Comprehensive Income and Expenditure Statement and had a consequential equal reduction in the Council Fund within the Balance Sheet.

3.4 Amendments that had no overall impact on the primary statements:

- The Minimum Revenue Provision (MRP), which is the provision set aside to repay debt, has been amended by £0.612 million, in line with the Council's approved MRP Policy.

3.5 Amendments to the notes to the accounts, not affecting the primary statements:

- Non-current asset capital commitments (Note 21a) have been amended to correctly disclose the outstanding commitments as at 31 March 2023.
- Financial Instruments disclosure of the fair value of the PFI and other long-term liabilities has been amended from £19.419 million to £16.846 million due to the inclusion of an incorrect table in the unaudited accounts.
- Additional disclosure in Note 32 – Events after the reporting period in relation to Reinforced Autoclaved Aerated Concrete (RAAC).

3.6 Other amendments identified during the audit:

- Consolidation of Bridgend County Borough Council's share of Cardiff Capital Region City Deal (CCRCD) income and expenditure and balance sheet. When the unaudited accounts were presented to the Governance and Audit Committee in July 2023, the draft CCRCD accounts were not yet available and therefore no amounts were entered for the activity for 2022-23, but prior year balances were carried forward. The draft accounts were subsequently received and the Council's accounts amended to reflect this. The amendments are to the Comprehensive Income and Expenditure Statement

(CIES), Balance Sheet, Movement in Reserves (MIRS), Cash Flow and associated notes. These have had no impact on Council resources.

- Minor amendments to other notes including the updated audit fee which was agreed subsequent to the completion of the unaudited Statement of Accounts.

3.7 The amended audited Statement of Accounts 2022-23 is attached at **Appendix A**. The detail of all the amendments are contained within the Auditor's Audit of Accounts Report at **Appendix B**.

3.8 The audited Statement of Accounts 2022-23 is required to be signed by the Chief Financial Officer and the Chair of the Governance and Audit Committee as presenting a 'true and fair view' of the financial position of the Council as at 31 March 2023.

3.9 In line with the International Standard on Auditing (ISA) 260, the external auditor is required to communicate relevant matters relating to the audit of the financial statements to those charged with governance. These matters are incorporated into the Audit of Accounts report at **Appendix B**. The appendix also contains the full list of adjustments made to the accounts as a result of the audit, as described above. It is anticipated that the accounts will receive an unqualified audit opinion.

3.10 A final Letter of Representation from the Council is required by the Appointed Auditor to complete the process and enable the accounts to be approved. This is included as **Appendix C** and is required to be signed by the Chair of the Governance and Audit Committee and Section 151 Officer.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives because of this report.

6. Climate Change Implications

6.1 The Climate Change implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the environment because of this report.

7. Safeguarding and Corporate Parent Implications

7.1 The Safeguarding and Corporate Parenting implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon Safeguarding and Corporate parenting because of this report.

8. Financial Implications

8.1 These are reflected in the report.

9. Recommendation

9.1 It is recommended that the Committee:

- Approves the audited Statement of Accounts 2022-23 (**Appendix A**);
- Notes the appointed auditors' Audit of Accounts report (**Appendix B**);
- Notes and agrees that the final Letter of Representation to Audit Wales be signed by the Chair of the Committee and Section 151 Officer (**Appendix C**).

Background documents

None