

<b>Meeting of:</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>Date of Meeting:</b>	<b>26 SEPTEMBER 2024</b>
<b>Report Title:</b>	<b>DRAFT STATEMENT OF ACCOUNTS 2023-24</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING &amp; CHANGE</b>
<b>Responsible Officer:</b>	<b>NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is a legal requirement for the Statement of Accounts to be prepared and authorised by the responsible financial officer prior to submission to Audit Wales to be audited. As the accounts were not completed by 31 May 2024 a notice was published explaining this in accordance with Regulation 10 of the Accounts and Audit (Wales) Regulations 2014.</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• <b>The draft Statement of Accounts for 2023–24 have been completed in accordance with the Accounts and Audit (Wales) Regulations 2014.</b></li> <li>• <b>The draft Accounts are now subject to audit by Audit Wales and it is intended to present for approval the final audited accounts to the Governance and Audit Committee in November 2024.</b></li> </ul>

## **1. Purpose of Report**

- 1.1 The purpose of the report is to present to the Governance and Audit Committee the unaudited Statement of Accounts for 2023-24 attached at **Appendix A** for noting.

## **2. Background**

- 2.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 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). The Statement of Accounts are complex and must meet a number of requirements as set out in the Code.
- 2.2 In accordance with these Regulations, the annual unaudited Statement of Accounts are required to be approved and signed by the responsible financial officer by 31 May following the year ending 31 March to which the accounts relate, certifying that they present a true and fair view of the financial position of the Council. The audited Statement of Accounts then has to be approved by 31 July of that year by the Governance and Audit Committee, in accordance with the Committee's Terms of

Reference. If the accounts are not able to be signed and published by this date then the Council must publish a Regulation 10 notice setting out the reasons why.

- 2.3 As a result of delays in approving the 2022-23 Statement of Accounts, which were certified by the Auditor General on 26 January 2024, and the consequential impact on preparing the 2023-24 Statement of Accounts, the Council was unable to meet the 31 May 2024 deadline and, therefore, in line with the requirements of the Regulations, issued a notice advising of this.
- 2.4 It should be noted that the publication of the Cardiff Capital Region City Deal (CCRCD) 2022-23 audited Statement of Accounts and draft 2023-24 Statement of Accounts have yet to be published, so the Council's draft accounts do not contain its share of the CCRCD income, expenditure, assets and liabilities for 2023-24.

### **3. Current situation / proposal**

- 3.1 The Council's unaudited Statement of Accounts for the financial year ended 31 March 2024 is attached at **Appendix A**. The Statement of Accounts comprise a number of different statements relating to financial performance and reserves. Whilst the final document will include the Annual Governance Statement, it is being presented as a separate report to this Committee. The Annual Governance Statement will be signed by the Leader of the Council and Chief Executive once the audit has been completed.
- 3.2 The unaudited Statement of Accounts 2023-24 was signed by the responsible financial officer on 16 July 2024 and provided to Audit Wales on 17 July 2024 for audit. The accounts were placed on the Council's website as Draft and subject to public inspection for the period 2 September 2024 to 27 September 2024. A date of 30 September 2024 has been set for the external auditor to be available to answer questions from any local government elector or their representative for the area to which the accounts relate. The timescale for completion of the audit, approval of the accounts by Governance and Audit Committee, sign off by the Auditor General and publication of the final accounts is expected to be November 2024.
- 3.3 The Accounts include the following core Financial Statements:
- Comprehensive Income and Expenditure Statement
  - Movement in Reserves Statement
  - Balance Sheet
  - Cash Flow Statement

These are produced in accordance with International Financial Reporting Standards (IFRS) rather than the amount to be funded in cash terms when the budget is set, therefore these statements include items such as depreciation on property, plant and equipment, the estimated cost of the shortfall on the pension scheme and other technical accounting adjustments.

- 3.4 The Council had a small overspend of £0.102 million for the financial year, after allowing for capital financing and contingency costs, transfers to and from earmarked reserves and additional council tax income. As a result, the Council Fund balance reduced from £9.832 million as at 31 March 2023 to £9.730 million as at 31 March 2024.

- 3.5 In addition to spending money providing services on a day-to-day basis, the Council also spends money providing new facilities, enhancing assets within the Council's portfolio or providing capital grants to others. The total capital spending during 2023-24 was £31.813 million.
- 3.6 There are various notes within the Accounts that provide more detailed information in relation to specific areas of the core Financial Statements. Attached at **Appendix B** is a document prepared by CIPFA – Understanding Local Authority Financial Statements – which may be useful information to members of the Committee to support their role in reviewing the Council's Statement of Accounts.
- 3.7 The unaudited Statement of Accounts will be reviewed by Audit Wales. A final version of the Accounts will be brought back to the Governance and Audit Committee in November 2024, subject to the completion of the audit, which will need Governance and Audit Committee approval, in accordance with the Accounts and Audit (Wales) Regulations 2014, and to be signed by the Chair of the Governance and Audit Committee.

#### **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. This is an information report therefore 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 Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

#### **6. Climate Change Implications**

- 6.1 There are no climate change implications as a result of this report.

#### **7. Safeguarding and Corporate Parent Implications**

- 7.1 There are no Safeguarding or Corporate Parent implications as a result of this report.

#### **8. Financial Implications**

- 8.1 The Statement of Accounts reflects the financial performance of the Council for the financial year 1 April 2023 to 31 March 2024. The Statement of Accounts are presented for information so there are no direct financial implications arising from this report.

## **9. Recommendation**

- 9.1 It is recommended that the Governance and Audit Committee notes the unaudited Statement of Accounts 2023-24 at **Appendix A**.

### **Background documents**

None