

**SUBJECT: DRAFT STATEMENT OF ACCOUNTS 2022/23 – MONMOUTHSHIRE COUNTY COUNCIL**

**MEETING: Governance and Audit Committee**

**DATE: 20th September 2023**

**DIVISIONS/WARD AFFECTED: All**

**1. PURPOSE:**

1.1 This report has been prepared to provide Governance and Audit Committee Members with an opportunity to review and provide comment on the draft 2022/23 Statement of Accounts of Monmouthshire County Council under the following terms of reference of the Committee:

- To review and scrutinise the authority's financial affairs;
- To oversee the authority's internal and external audit arrangements; and
- To review financial statements prepared by authority

1.2 Members are asked to note that the figures provided are subject to change during the external audit process and that a final audited statement of accounts will be presented to this committee at a future date.

**2. RECOMMENDATIONS:**

2.1 That the Governance & Audit Committee:

- Review the 2022/23 draft Statement of Accounts and highlight any queries and comments.
- Note that following the completion of the external audit process, the audited Statement of accounts for 2022/23, alongside the outcome of the external audit process, will be presented to this Committee.

**3. KEY ISSUES**

3.1 Under current legislation for Wales, the draft statement of accounts are to be produced and published by the Authority by the 31<sup>st</sup> May following the financial year they relate to.

3.2 Welsh Government, in recognising the continued pressure on Council finance teams operating in the post-pandemic period, continue to allow the Council the flexibility to publish the statement of accounts after the statutory deadline subject to providing a statutory notice as per paragraph 10(4) of the regulations detailing the reasons for not meeting the deadline. This notice was made by the Council on the 1st June 2023.

- 3.3 The draft Statement of Accounts were subsequently signed by the Responsible Finance Officer on the 19th July 2023, published on the Council's website, and will be subject to external audit and public inspection period.
- 3.4 The production of the draft accounts was completed a full three weeks earlier than in the previous financial year, and broadly in line with the timetable communicated to Audit Wales at the start of the process.
- 3.5 This is a pleasing outcome in light of the additional pressures placed upon finance teams during the period in dealing with increased financial reporting requirements. As we look forward, there is clearly further significant improvement to be made to move towards meeting the statutory deadline of 31<sup>st</sup> May, and this will rely upon a suitable additional resource being embedded within finance teams as part of the approved restructure plans.
- 3.6 The high-level timetable for completion of the final accounts is as follows:

Draft accounts published	19th July 2023
Public Inspection period	21st August to 17th September 2023
External audit process	July to November 2023
Final accounts / ISA 260 Report to G&AC	November 2023

### Statement of accounts

- 3.7 The Statement of Accounts, shown in **Appendix 1**, is a highly technical document and its form and content are heavily regulated. The main regulations come through the:
- Code of Practice on Local Authority Accounting in the United Kingdom;
  - Service Reporting Code of Practice; and
  - Supported by International Financial Reporting Standards (IFRS).
- 3.8 In complying with these Standards, the accounts do not always make easy reading. With this in mind a summary of the main financial statements has been prepared at **Appendix 2** to assist with the scrutiny process of the primary statements.
- 3.9 Alongside this, the guide produced by CIPFA – **Understanding Local Authority Financial Statements** has been provided as a background paper which may assist members of the Governance and Audit Committee and other users to understand the format of the accounts.
- 3.10 The formal Statement of Accounts at **Appendix 1** include the following statutory primary statements:
- Movement in Reserves Statement
  - Income & Expenditure Statement
  - Balance Sheet
  - Cashflow Statement
- 3.11 Supporting explanatory notes are also included in sections 10 to 17 which aim to give further information on the amounts included in the primary statements.

## 4. REASONS

- 4.1 To provide Governance and Audit Committee Members with an opportunity to review and provide comment on the draft 2022/23 Statement of Accounts of Monmouthshire County Council.

**5. BACKGROUND PAPERS**

*Appendix 1* - Draft 2022/23 Statement of Accounts – Monmouthshire County Council

*Appendix 2* – Summary of 2022/23 primary financial statements

*Background paper 1* - Understanding Local Authority Financial Statements (CIPFA – 2016)

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