

SUBJECT: DRAFT STATEMENT OF ACCOUNTS 2021/22 – MONMOUTHSHIRE COUNTY COUNCIL

MEETING: Governance and Audit Committee

DATE: 8th September 2022

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 comments on the draft 2021/22 Statement of Accounts of Monmouthshire County Council.
- 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.
- 1.3 The accounts were signed by the Responsible Finance Officer on the 8th August 2022 and will be subject to external audit and the public inspection period.

2. RECOMMENDATIONS:

- 2.1 That the Governance & Audit Committee:
 - Note the 2021/22 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 2021/22 will be presented to this Committee at a later meeting.

3. KEY ISSUES

- 3.1 The Local Government (Wales) Measure 2011 identifies the review of the Council's overall financial affairs and corporate governance arrangements as a specific function of the Governance & Audit Committee.
- 3.2 Under current legislation for Wales, the draft statement of accounts are to be produced and published by the Authority by the 31st May following the financial year they relate to.
- 3.3 The Authority has historically had a good record of meeting its accounts closure deadlines but during the 2021/22 closure process the finance section has continued to face considerable disruption as a result of the need to account for new grant initiatives and substantial unbudgeted grant income received by the Council during the final quarter of the financial year. With staff resources continuing to be under pressure in many of the service areas that provide key information for the statement of accounts, the primary focus of the finance teams has been directed to ensuring the ongoing financial sustainability of the Council and reporting the budget outturn position in a timely and accurate manner.

3.4 The regulations in place in Wales 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 2022 and can be viewed at:
<https://www.monmouthshire.gov.uk/app/uploads/2022/06/Notice-of-Delayed-Commencement-of-Audit-2021-22.docx>

3.5 The revised high level timetable for completion of the final accounts is as follows:

Draft accounts published	8th August 2022
Public Inspection period	25 th August to 22 nd September 2022
External audit process	August to October 2022
Final accounts / ISA 260 Report to G&AC	24th November 2022

Statement of accounts

3.6 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).

3.7 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.

3.8 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.

3.9 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

3.10 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 comments on the draft 2021/22 Statement of Accounts of Monmouthshire County Council.

5. BACKGROUND PAPERS

Appendix 1 - Draft 2021/22 Statement of Accounts – Monmouthshire County Council

Appendix 2 – Summary of 2021/22 primary financial statements

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

6. AUTHORS:

Jonathan S. Davies
Assistant Head of Finance

Email: jonathandavies2@monmouthshire.gov.uk
Tel: (01633) 644114