

GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Monday 25 th November 2024
Report Subject	Statement of Accounts 2023/24
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents:

- For Approval, the final version of the Council's Statement of Accounts for the 2023/24 financial year, incorporating those changes agreed with Audit Wales during the course of the audit.
- Audit Wales' report following their audit of the Statement of Accounts 2023/24.
- The Letter of Representation for the Council

RECOMMENDATIONS

1	Members are requested to consider the Audit Wales report - Audit of the Financial Statements 2023/24 – Flintshire County Council.
2	Members are requested to approve the final version of the Statement of Accounts 2023/24 following consideration of the Audit Wales report.
3	Members are requested to approve the Letter of Representation.

REPORT DETAILS

1.00	EXPLAINING THE STATEMENT OF ACCOUNTS
1.01	The Governance and Audit Committee received the draft Statement of Accounts 2023/24 on 24 July, for information only at that stage. The Accounts and Audit (Wales) Regulations 2018 specify the statutory deadline for the approval of the Statement as 31 July, however the framework set by Welsh Government extended this to 30 November.
1.02	The audit of the Statement of Accounts 2023/24 is now substantially complete, although the audit continues up until the point at which the accounts are signed off by the auditors (Audit Wales).
1.03	A copy of the Statement of Accounts 2023/24, incorporating those changes agreed with Audit Wales during the audit and up to the point of writing this report, is attached at Appendix 1.
	<u>Audit Wales' audit of the Statement of Accounts</u>
1.04	Under the International Standards on Auditing (ISA) 260, Audit Wales is required to communicate relevant matters relating to the audit of the Statement of Accounts to those charged with governance - for the Council this is the Governance and Audit Committee.
1.05	Officers from Audit Wales will attend the meeting to present their findings and their report is attached at Appendix 2.
1.06	It is usual within the course of the audit of any organisation that items will be brought to the attention of the body being audited. Audit findings have been discussed in detail with Audit Wales and, where considered appropriate, adjustments have been made to the draft Statement of Accounts.
1.07	The Audit Wales report includes details of any significant issues arising from the audit, together with recommendations and a summary of adjustments made to the draft Statement of Accounts.
1.08	A Letter of Representation is included at Appendix 3. This requires the Council to confirm the accuracy of the audit. In this letter, the Council confirms to Audit Wales that all the information contained within the Statement of Accounts is true and accurate and that all information has been disclosed.
	<u>Timescales</u>
1.09	The statutory deadline for producing the draft Statement of Accounts for 2023/24 was 31 May, however, due to the need to account appropriately for asset valuations following a period of high inflation and the impact of the delay in the final certification of the 2022/23 accounts, the Accounts were submitted for Audit on 25 June. However, this was still within the extended deadline agreed with Welsh Government for all Welsh Councils of 30 June.

	To comply with regulations, a notice was published on the Council's website explaining the reasons for the delay.
1.10	The statutory deadline for publishing the final audited version was 31 July, however this was extended to 30 November by Welsh Government.
	<u>Issues from the 2023/24 accounts</u>
1.11	<p>A summary of issues identified is included in Audit Wales ISA260 report in Appendix 2. The main issue related to the Council's accounting of its pensions liability. Under accounting rules (IFRIC 14) the Council is not allowed to show a net pension asset. Therefore, the Council has applied an asset ceiling adjustment which will bring the asset of funded benefits on the balance sheet to nil. This does not apply to unfunded benefits.</p> <p>There has also been an amendment of asset reclassification to the Property, Plant and Equipment note for disclosure only. All the required adjustments have been included in the revised Statement of Accounts and do not affect the previously reported final outturn position.</p>
1.12	There were no other significant issues arising during the audit of the 2023/24 Accounts and it is reassuring that Audit Wales are reporting that the Council's Accounts were prepared to a high standard.

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required and none undertaken.

4.00	RISK MANAGEMENT
4.01	Actions will be taken in year (2024/25) to address recommendations from Audit Wales' report as outlined within the body of the report.

5.00	APPENDICES
5.01	<ol style="list-style-type: none"> 1. Statement of Accounts 2023/24 2. Audit Wales Report – Audit of Financial Statements 2023/24 3. Flintshire County Council Letter of Representation

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Chris Taylor – Strategic Finance Manager Telephone: 01352 703309 E-mail: christopher.taylor@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Audit Wales: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p>Financial Audit: The annual external audit of the Council’s Statement of Accounts.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>Materiality: A concept used to inform judgements regarding the accuracy of the Council’s Statement of Accounts. The basis could be quantitative with an assigned value or qualitative and affected by issues that are legal, regulatory, or politically sensitive.</p> <p>Statement of Accounts / Final Accounts / Financial Accounts or Statements: The Council’s annual finance report providing details of the Council’s financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.</p>