

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Monday, 24 October 2022</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Audit of Statement of Accounts 2021/22 Update
Purpose of Report:	The Audit of the 2021/22 Statement of Accounts is progressing well however, completion of the Audit will be delayed by the outstanding Infrastructure issue. The Accounts for the Shared Regulatory Service 2021/22 have been completed and signed off and the Annual Return for the Vale, Valleys and Cardiff Regional Adoption Service for 2021/22 is progressing well and almost complete.
Report Owner:	Report of the Director of Corporate Resources
Responsible Officer:	Matt Bowmer Head of Finance/Section 151 Officer
Elected Member and Officer Consultation:	None
Policy Framework:	The proposals in this report are in accordance with Policy Framework and Budget
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The Audit of the Vale of Glamorgan 2021/22 Statement of Accounts is progressing well with the majority of testing completed and some issues still being investigated.</li> <li>• Completion of the Vale of Glamorgan Audit is delayed until the issues around Infrastructure Assets is resolved and we expect to have further clarification in November 2022.</li> <li>• The Audit of the Shared Regulatory Services are now complete and the accounts signed off.</li> <li>• The Audit of the 2021/22 Vale and Valleys Regional Adoption Service Accounts has now commenced and is progressing well.</li> </ul>	

## **Recommendations**

1. That Members note the current position in respect of the Audit of the Vale of Glamorgan 2021/22 Statement of Accounts and the current expected timeline for completion.
2. That the update regarding current proposals to rectify the reporting of Infrastructure Assets is noted.
3. That Members note the current position in respect of the Audit of the Shared Regulatory Service Joint Committee 2021/22 Statement of Accounts and 2021/22 Valleys, Vale and Cardiff Regional Adoption Service Annual Return.

## **Reasons for Recommendations**

1. To ensure that Governance and Audit Committee are informed of the status of the Audit of the Vale of Glamorgan 2021/22 Accounts.
2. To ensure Governance and Audit Committee are informed of the current position regarding Infrastructure Assets reporting and disclosure.
3. To ensure Governance and Audit Committee are informed of the position regarding the Shared Regulatory Services Joint Committee 2021/22 Accounts and 2021/22 Valleys, Vale and Cardiff Regional Adoption Service Annual Return.

## **1. Background**

- 1.1 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).
- 1.2 The Unaudited Vale of Glamorgan 2021/22 accounts were signed by the responsible finance officer on 4th July 2022 and sent to Audit Wales the same day. The Shared Regulatory Services Joint Committee accounts were signed on 28<sup>th</sup> June 2022. The Vale, Valleys and Cardiff Regional Adoption Service accounts are not subject to a full external audit by Audit Wales but an Annual Return were completed by Accountancy and Internal Audit as at 30th June 2022.
- 1.3 The Accounts were presented to Governance and Audit Committee on 11<sup>th</sup> July 2022 and the external audit by Audit Wales commenced in July and has progressed over the summer months.

## **2. Key Issues for Consideration**

- 2.1 The 2021/22 Vale of Glamorgan Statement of Accounts have been subject to external audit in the period since July 2022 and although the progress of this audit has been impacted by the availability of resource, the audit has progressed

well with the majority of testing completed. A verbal update on the nature of issues identified will be provided during Committee.

- 2.2 The audit of the 2021/22 Vale of Glamorgan Statement of Accounts cannot be completed until the current discrepancy regarding the reporting infrastructure assets is resolved. The current proposal requires retrospective legislation to allow for a statutory override regarding the treatment of Infrastructure assets.
- 2.3 The issues regarding the treatment of infrastructure assets impacts the completion of the Audit across all 22 Welsh authorities.
- 2.4 The external audit for the Shared Regulatory Service has completed and was reported to Committee on 27<sup>th</sup> September 2022. These accounts have been signed by Audit Wales and published on the Council's website.
- 2.5 The Vale, Valleys and Cardiff Regional Adoption Annual Return is subject to a limited assurance audit for the service and this has commenced and is progressing well.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1 The Council's revenue budget and therefore its expenditure is incurred in order to achieve its corporate priorities as set out in the Corporate Plan through the 4 well being outcomes.

### **4. Climate Change and Nature Implications**

- 4.1 There are no Climate Change and Nature Implications associated with this report.

### **5. Resources and Legal Considerations**

#### **Financial**

- 5.1 The accounts are prepared in accordance with the CIPFA Code of Practice for 2021/22 Accounts. The Usable Reserves have increased by £20.957m to £144.601m from £111.135m in 2020/21. Of this £642k relates to an increase in the General Fund, £5.439m relates to an increase in the HRA reserves and £17.881m relates to an increase in earmarked reserves.
- 5.2 The 2021/22 Statement of Accounts for the Shared Regulatory Service Joint Committee shows that Usable Reserves have increased to £1.102m, an increase of £314k on 31<sup>st</sup> March 2022. The partner authorities will be consulted on the use and distribution of this sum.
- 5.3 The Vale, Valleys and Cardiff Regional Adoption Service Annual Return shows a carry forward of £144k as at 31<sup>st</sup> March 2022, the partner authorities have been consulted on the use of reserves and they will be retained by the service to cover future commitments.

- 5.4** The 2021/22 Vale of Glamorgan Statement of Accounts, Shared Regulatory Service Statement of Accounts and the Vale, Valleys and Cardiff Regional Adoption Service Annual Return have been prepared within existing staff resources.

**Employment**

- 5.5** None as a direct consequence of this report.

**Legal (Including Equalities)**

- 5.6** The Statement of Accounts is prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended).

**6. Background Papers**

None