

Committee: Governance & Audit Committee

Date of meeting: 14 April 2022

Report Subject: Statement of Accounts 2016/17 to 2020/21

Report Submitted by: Rhian Hayden, Chief Officer, Resources

Report Written by: Tony Hagland, Senior Business Partner - Finance

Reporting Pathway							
Directorate Management Team	Corporate Leadership Team	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	07/04/2022	14/04/2022					Statutory Returns; Financial Governance

1. Purpose of the Report

- 1.1 To re-present for approval the Statement of Accounts from 2016/2017 to 2020/2021.

2. Scope and Background

- 2.1 The requirements for preparation, inspection, audit, approval and publication of Local Authority annual accounts are specified in the Public Audit (Wales) Act 2004 and the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 2.2 The Council's Statement of Accounts have previously been considered and approved at the following meetings:

Financial Year	Committee	Date
2016/2017	Audit Committee	17 November 2020
2017/2018	Audit Committee	17 November 2020
2018/2019	Audit Committee	17 November 2020
2019/2020	Audit Committee	02 March 2021
2020/2021	Governance & Audit Committee	02 November 2021

- 2.3 Further to each of those meetings, the Auditor General issued an opinion on the Statement of Accounts for each financial year. However, in each case he was unable to certify that the audit of the accounts was complete due to

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ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd..

- 2.4 Having issued his report in respect of the matters raised (*Deficiencies in Blaenau Gwent County Borough Council's governance and oversight arrangements in respect of a Council-owned company, Silent Valley Waste Services Limited*) which was considered at the Special Council Meeting on 07 February 2022, the Auditor General has now indicated that he will be able to issue new opinions on each Statement of Accounts from 2016/2017 in which he will certify the audit for each year as complete.
- 2.5 The statutory framework for approval of Local Authority accounts requires that, prior to the Auditor General issuing an updated opinion, the Accounts for each year have to be re-certified by the Chief Officer Resources and re-approved by the Governance & Audit Committee.
- 2.6 The Statement of Accounts submitted for approval have been amended to include the revised opinion provided by the Auditor General. In addition, the relevant disclosure in the 'Narrative Report' section of each set of Accounts (2016/2017 to 2019/2020) has been updated to reflect the current position. No other amendments have been required.
3. **Options for Recommendation To include Recommendation(s) / Endorsement by other groups, e.g. CLT/Committees/Other groups**
 - 3.1 **Option 1 (preferred)**

On consideration of this report the Accounts for each financial year 2016/2017 to 2020/2021 **are re-approved** by the Governance & Audit Committee under the delegated authority of the Council.
 - 3.2 **Option 2**

The Governance & Audit Committee considers and does not re-approve the Statement of Accounts for financial years 2016/2017 to 2020/2021.
4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**
 - 4.1 **Statutory Responsibilities**
 - 4.1.1 The Statement of Accounts is prepared in accordance with relevant statutory and regulatory provisions, accounting codes of practice and accounting standards. It details the financial transactions of the Authority for the 2020/2021 financial year and the value of assets, liabilities and reserves at the balance sheet date (31 March 2021).

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- 4.1.2 The framework for inspection, audit, approval and publication of the Accounts is specified in the Public Audit (Wales) Act 2004 and the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

5. **Implications Against Each Option**

5.1 **Impact on Budget** (*short and long term impact*)

- 5.1.1 No adjustments have been required to the Statement of Accounts previously presented to and approved by Audit Committee/Governance & Audit Committee. There is therefore no impact on the financial position of the Authority.

5.2 **Risk including Mitigating Actions**

- 5.2.1 Achievement of the statutory requirements in relation to the annual Accounts is important in demonstrating that the Authority has the appropriate governance arrangements in place to manage the reporting of its strategic financial affairs. Failure may result in reputational damage for the Council. A planned approach has ensured that statutory requirements have been met.

5.3 **Legal**

- 5.3.1 Approval (and re-approval) of the Accounts ensures the Authority meets the requirements for preparation, inspection, audit, approval and publication of annual accounts as specified in the Public Audit (Wales) Act 2004 and the Accounts and Audit (Wales) Regulations 2014 [the 2014 Regulations] (as amended).

5.4 **Human Resources**

- 5.4.1 There are no direct personnel/staffing implications arising out of this report.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

Statutory Deadlines

- 6.1.1 For each financial year, the Statement of Accounts has been prepared, certified, audited, approved and published in order to comply with the relevant legislation. Where it has not been possible to meet a specific deadline, an appropriate notice has been published in compliance with section 10 of the Public Audit Wales Act 2004.

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6.1.2 The following notices were published in relation to the Accounts between 2016/2017 and 2018/2019:

Financial Year	Notice	Date	Reason
2016/2017	Section 10(2)(d)	30/09/2017	An Audit Opinion was not provided for the 2016/2017 Accounts.
2017/2018	Section 10(4) & Section 10(2)(d)	30/09/2018	The Responsible Finance Officer did not certify the 2017/2018 Accounts and the Auditor General did not provide an Audit Opinion.
2018/2019 (Draft)	Section 10(4)	14/06/2019	The Responsible Finance Officer did not certify the Draft 2018/2019 Accounts.
2018/2019	Section 10(2)(d)	15/09/2019	The Auditor General was unable to provide an Audit Opinion on the 2018/2019 Accounts at this time due to outstanding issues with the audit of the 2016/2017 and 2017/2018 Accounts.

6.1.3 As a result of the Covid-19 pandemic, Welsh Government provided an extension to the deadlines in which it was expected that the 2019/2020 Accounts would be prepared and approved. However, as the regulations were not amended this required the publication of additional notices if the statutory deadlines were not met.

6.1.4 Consequently, the following notices were required in relation to the 2019/2020 Accounts:

Financial Year	Notice	Date	Reason
2019/2020 (Draft)	Section 10(4)	15/06/2020	Extension of deadlines due to Covid-19: The Draft 2019/2020 Accounts were completed after the 15 June deadline.
2019/2020	Section 10(4) & Section 10(2)(d)	15/09/2020	Extension of deadlines due to Covid-19: The 2019/2020 Accounts were completed after the 15 September deadline. The Auditor General was unable to provide an Audit Opinion on the 2019/2020 Accounts at this time as Opinions remained outstanding for the 2016/2017, 2017/2018 and 2018/2019 Accounts.

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- 6.1.5 In November 2020, the Accounts for 2016/2017 to 2018/2019 were re-approved and the Auditor General provided the following opinions:

Financial Year	Date of Opinion	Type of Opinion
2016/2017	26/11/2020	Modified, in respect of pension payments related to directors of Silent Valley Waste Services Ltd..
2017/2018	26/11/2020	Modified, in respect of pension payments related to directors of Silent Valley Waste Services Ltd..
2018/2019	26/11/2020	Unqualified.

- 6.1.6 In March 2021, an opinion was provided for the 2019/2020 Accounts:

Financial Year	Date of Opinion	Type of Opinion
2019/2020	03/03/2021	Unqualified, with Emphasis of Matter statement in relation to the effect of Covid-19 on the Council's assets and property pension fund valuations.

- 6.1.7 For 2020/2021, Welsh Government again provided an extension to the deadlines in which it was expected that the Accounts would be prepared and approved. This required the publication of additional notices if the statutory deadlines were not met.

- 6.1.8 Consequently, the following notices were required in relation to the 2020/2021 Accounts:

Financial Year	Notice	Date	Reason
2020/2021 (Draft)	Section 10(4)	31/05/2021	Extension of deadlines due to Covid-19: The 2020/2021 Accounts were completed after the 31 May deadline.
2020/2021	Section 10(4) & Section 10(2)(d)	31/07/2021	Extension of deadlines due to Covid-19: The 2019/2020 Accounts were completed after the 31 July deadline. The Auditor General was unable to provide an Audit Opinion on the 2020/2021 Accounts at this time as the audit for the year had not been concluded.

- 6.1.9 Having been certified by the Responsible Finance Officer and approved by Audit Committee/Governance & Audit Committee, in November 2021 the Auditor General issued an unqualified opinion for the 2020/2021 financial year:

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Financial Year	Date of Opinion	Type of Opinion
2020/2021	08/11/2021	Unqualified.

6.1.10 For each year, the Audit Opinion issued has stated that the Auditor General has been '*unable to certify that I have completed the audit of the accounts ... as I have ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services*'.

6.1.11 Subject to receiving re-certification by the Chief Officer Resources and re-approval by the Governance & Audit Committee, the Auditor General is now able to issue amended opinions for each year that certify the audit of the accounts as complete.

6.2 **Expected outcome for the public**

6.2.1 Preparation, publication and approval of statutory accounts helps demonstrate stewardship of the Authority's resources and its ability to provide services to the local community in the short and long term.

6.3 **Involvement** (*consultation, engagement, participation*)

6.3.1 The Statement of Accounts for 2016/2017 to 2020/2021 are presented to the Governance & Audit Committee for re-approval, further to original approval and subsequent publication of the Auditor General's report into correspondence received.

6.4 **Thinking for the Long term** (*forward planning*)

6.4.1 Preparation of statutory accounts helps demonstrate stewardship of the Authority's resources and its ability to provide services to the local community in the short and long term.

6.5 **Preventative focus**

6.5.1 Not applicable.

6.6 **Collaboration / partnership working**

6.6.1 Not applicable.

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6.7 **Integration** (*across service areas*)

6.7.1 Not applicable.

6.8 **Decarbonisation and Reducing Carbon Emissions**

6.8.1 The Statement of Accounts is currently not required to include information relevant to decarbonisation and reduction of carbon emissions.

6.9 **Socio Economic Duty Impact Assessment** (*complete an impact assessment to consider how the decision might help to reduce the inequalities of outcome associated with socio-economic disadvantage*).

6.9.1 A Socio Economic Duty Impact Assessment has not been completed for the Statement of Accounts, which provides an objective and audited report of the Authority's transactions for the financial year and balance sheet position at the year-end. This information can be utilised in making decisions that might help to reduce the inequalities of outcome associated with socio-economic disadvantage.

6.10 **Equality Impact Assessment** (*screening and identifying if full impact assessment is needed*)

6.10.1 An Equality Impact Assessment has not been prepared as this report provides an actual outturn position in relation to the Authority's transactions and year-end balances for the financial year, on an objective basis in accordance with relevant accounting standards, codes, concepts, principles, guidance and legislation.

7. **Monitoring Arrangements** (*State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*)

7.1 The Council continues to take into consideration the financial standing of the Authority as reported within the Statement of Accounts when setting and monitoring future monitoring budgets and in developing future medium term spending plans.

Background Documents /Electronic Links

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