

Report

Governance and Audit Committee

Part 1

Date: 25th July 2024

Subject Draft Statement of Accounts 2023/24

Purpose This report is to provide Governance & Audit Committee with a copy of the 2023/24 draft Statement of Accounts, in order for them to consider the accounts (Appendix 1) and note the content.

Author Head of Finance / Assistant Head of Finance / Chief Accountant

Ward All

Summary The Governance & Audit Committee is required to approve the final audited Statement of Accounts. This report provides a copy of the draft accounts, which have been signed by the Section 151 Officer (Head of Finance) and passed over to Audit Wales, who will undertake their audit of the accounts during the coming months. Once the external audit has been concluded, the committee will be presented with a final set of accounts for approval.

Proposal To note the draft 2023/24 Statement of Accounts.

Action by Head of Finance / Assistant Head of Finance / Chief Accountant

Timetable Immediate

This report was prepared after consultation with:

- Audit Wales
- Head of Finance

Signed

Background

Every council has a statutory duty, as per the Accounts and Audit (Wales) Regulations 2018, to produce an annual statement of accounts, which details the overall financial position of the Council as at 31st March for the year in question. The accounts are audited by Audit Wales before being considered for final sign off by the Section 151 Officer (Head of Finance) and a nominated committee. In the case of Newport City Council, the nominated committee is the Governance & Audit Committee and the chair is responsible for signing the accounts on behalf of the committee. Consideration of the final, audited, accounts will take place in a meeting of the committee during the autumn of 2024, once the audit has concluded. As part of that meeting, the committee will receive Audit Wales' ISA260 report, which will provide an overview of any issues identified, including those which have been rectified within the accounts, as well as their overall opinion on the accounts. This report will assist the committee in taking assurance that the accounts can be signed off.

Therefore, the purpose of this report is to provide the committee with a copy of the Draft Statement of Accounts which have been signed by the Head of Finance before being passed to the external auditor who will then undertake their audit of the accounts over the coming months. The committee is required at this meeting to note and consider the Statement of Accounts.

Between the issuing of the draft accounts and the final accounts, the committee is also asked to provide any questions or comments that they would like to feedback and discuss. The committee is requested to supply this information by the end of August so that officers can consider and answer what are likely to be specific queries at that time. Depending on the nature of the queries and/or observations raised; it could potentially lead to a change to the final Statement of Accounts. This will also help ensure that the number of queries during the meeting are kept to a minimum. In addition, the committee will receive a specific training/review session of the accounts in mid-September or prior to the September meeting (to be arranged) and this will pick up and share feedback on any queries raised by individual members of the committee and allow further questions to be raised at that time. Again, depending on the nature of the queries and/or observations raised; it could potentially lead to a change to the final Statement of Accounts.

A high-level overview of the key dates over the coming months is provided below, for information.

Draft accounts signed by Head of Finance	30 th June 2024
External audit	July 2024 to November 2024
Final accounts / ISA 260 Report	November 2024

It should be noted that the accounts will be placed on public display during September 2024

The Statement of Accounts is a technical document and should be read in conjunction with other financial reports, such as the revenue and capital outturn reports, in order for the full context to be provided. However, the Narrative Section within the document does provide an overview of the financial performance for the year. For 2023/24, there was a revenue underspend of circa £5.4m and earmarked reserves reduced from £138m to £127.7m. The reduction in reserves was expected, as reserves were consumed in line with their original purpose. The level of slippage within the capital programme, whilst still £17.7m, as a percentage of the overall programme has reduced considerably from previous years.

As well as the narrative report, other key elements of the Statement of Accounts are the five key financial statements, a variety of the notes to the accounts (including the accounting policies applied in preparing the accounts), as well as the Group Accounts, which reflect the consolidation of Newport Transport Ltd's accounts with the Council's single entity accounts.

It should also be noted that as part of Newport's single entity accounts, the Council is required to consolidate the accounts for Cardiff Capital Region (CCR) City Deal. However, as at the end of June, the Authority had not received the accounts, therefore the consolidation will be included for the final accounts.

The draft Statement of Accounts form Appendix 1 to this report.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
The external audit process identifies material misstatements within the accounts which result in a qualified audit opinion being given.	High – Medium (depending upon the nature of any issues identified)	Low	The Council has ensured the necessary controls are in place to be able to produce an accurate Statement of Accounts. Officers will work closely with the external auditors during the period of audit and, wherever possible, will amend the accounts in line with their recommendations.	Head of Finance, Assistant Head of Finance, Chief Accountant and wider Accountancy section.
The external audit of the accounts is not concluded by 30 th November 2024.	Medium	Medium	Council officers are working with Audit Wales to plan the audit process, although the availability of resources, especially within Audit Wales, could result in delays. Officers will seek to respond to audit queries in a timely manner so as not to unduly delay the process.	Audit Wales in conjunction with council officers.

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The Council has a statutory duty (as set out in the Accounts and Audit (Wales) Regulations 2018) to produce an annual statement of accounts, which details the overall financial performance and financial position of the Council over the last two years.

Options Available and considered

1. The Committee note the draft 2023/24 Statement of Accounts and the points outlined in this covering report.

Preferred Option and Why

The Statement of Accounts are being presented to Governance & Audit Committee for information only. Therefore, there are no alternative options.

Comments of Chief Financial Officer

The annual Statement of Accounts document is a key cornerstone of financial reporting for all local authorities. In completing the draft accounts, the Council has fulfilled its statutory obligations and the Head of Finance is satisfied that they represent a true and fair view of the Council's financial position as at 31st March 2024. This covering report highlights the context the small team responsible for producing the accounts was working within whilst preparing the accounts. To have met the deadline of 30th June 2024 for publishing the draft accounts is a good achievement and the staff involved should be commended for the work undertaken.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. The Council is required to publish an Annual Statement of Accounts in accordance with the Accounts and Audit (Wales) Regulations 2018, which summarises the financial position of the authority at the end of each financial year. Governance and Audit Committee are the nominated committee with responsibility for internal sign-off of the Annual Statement of Accounts, as part of the Committee's statutory role in overseeing and scrutinising the Council's financial affairs. The Statement of Accounts are being presented at this stage in draft form for consideration, prior to their submission to Audit Wales for external audit. The final, audited Annual Statement of Accounts, will need to be formally signed-off by the Head of Finance, as the Council's statutory section 151 officer, and the Governance & Audit Committee in the Autumn of 2024.

Comments of Head of People. Policy & Transformation

The Statement of Accounts for 2023/24 provides an overview of the management of the Council's finances. This report outlines the Council's responsibility to ensure its finances provide value for money and is spent in accordance with its statutory duties. The Well-being of Future Generations Act requires public bodies to act sustainably in delivering services which balance current needs with those of future generations. This report provides an overview of how the Council is meeting this requirement and ensuring it has the resources to deliver on its Wellbeing objectives. There are no HR issues arising from the report.

Comments of Cabinet Member

N/A

Local issues

N/A

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**

- **Welsh Language (Wales) Measure 2011**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this covering report and associated documents are not seeking any strategic decisions or policy changes, with their purpose being to report historical financial information. However, fairness and equality are considered as part of the Council's service delivery, and this report outlines the Council's responsibility to ensure its finances provide value for money and is spent in accordance with its statutory duties.

In terms of the Wellbeing of Future Generations (Wales) Act, and the five ways of working contained within it, this report and the associated documents highlights examples of these being supported. This report is a backwards looking, reporting financial activities of the Council. The report shows how we have complied with the CIPFA code in producing the accounts and it also gives an overview of the financial performance of the Council, both Revenue and Capital. It is a requirement of the Well-being and Future Generations Act that the Council needs to deliver services in a sustainable manner for future generations and the report gives an overview of how the Council is meeting this requirement and ensuring that it has the resources to deliver on its Wellbeing objectives.

In the case of the Welsh Language, the service will continue to ensure that, wherever possible, services or information is available in the medium of Welsh.

The Equality Act 2010 contains a Public Sector Equality Duty, which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better-informed decision-making and policy development and services that are more effective for users. Nothing in this report is considered to have a direct equality impact.

Consultation

N/A

Background Papers

N/A

Dated: 10th July 2024