



SPECIAL GOVERNANCE AND AUDIT COMMITTEE - 1ST MAY 2024

SUBJECT: FINANCIAL STATEMENTS FOR 2022/23

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To present the Governance and Audit Committee with the Audit Wales 'Audit of Accounts Report' for the 2022/23 financial year.
- 1.2 To seek a recommendation from the Governance and Audit Committee that Council approves the 2022/23 Audited Financial Accounts at its meeting on 09 May 2024.

2. SUMMARY

- 2.1 There has been disruption to the annual accounts preparation and audit certification process in recent years across the Local Government sector due to the Covid-19 pandemic and infrastructure audit issues raised in 2021/22. In addition to this, Audit Wales advised Local Authorities in March 2023 that the introduction of a revised auditing standard (ISA 315) for the 2022/23 financial year would have significant and far-reaching impacts on how auditors undertake audit risk assessments and the overall audit approach.
- 2.2 In light of the above, the Welsh Government wrote to Local Authorities in May 2023 informing them that the following deadlines would apply to the publication and audit of the 2022/23 Financial Accounts: -
 - Preparation of Draft Accounts 2022/23 – 31 July 2023.
 - Audit Wales certification – 30 November 2023.
 - Publication of Final Accounts 2022/23 – 31 December 2023.
- 2.3 Caerphilly CBC's 2022/23 Draft Financial Accounts were prepared and submitted to Audit Wales on 12 September 2023. Largely due to the additional workload associated with the introduction of the revised auditing standard (ISA 315), along with some delays in the submission of draft accounts, the certification of the 2022/23 audited accounts is being completed later than anticipated for some Local Authorities. However, the Caerphilly CBC audit has now been completed and the Audit Wales 'Audit of Accounts Report' is attached at Appendix 1.
- 2.4 The 2022/23 Audited Financial Accounts attached at Appendix 2 will be presented to Council for approval at its meeting on 09 May 2024, and they are then scheduled to be certified by the Auditor General on 14 May 2024.

3. RECOMMENDATIONS

- 3.1 The Governance and Audit Committee is asked to: -
 - 3.1.1 Receive and comment upon the Audit Wales 'Audit of Accounts Report'.
 - 3.1.2 Recommend to Council that the 2022/23 Audited Financial Accounts are approved at its meeting on 09 May 2024.
 - 3.1.3 Note that an 'Audit of Accounts Addendum Report' will be presented to the Governance and Audit Committee at its meeting on 08 October 2024, setting out details of the Audit Wales recommendations arising from the audit of the Council's 2022/23 Financial Accounts along with the associated management responses.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the 2022/23 Financial Accounts are approved and submitted to the Auditor General for certification.

5. THE REPORT

- 5.1 The Audit Wales 'Audit of Accounts Report' states that it is the Auditor General's intention to issue an unqualified audit opinion on the 2022/23 Financial Accounts.
- 5.2 Appendix 3 of the Auditor's Report provides details of the misstatements identified during the audit process which have subsequently been corrected by management. It is important to stress that these adjustments have no impact on the 2022/23 Provisional Outturn position reported to Cabinet on 26 July 2023 and Council on 27 September 2023, or on cash or usable reserve balances held at 31 March 2023.
- 5.3 There are three uncorrected non-trivial misstatements, the details of which are set out in paragraphs 8 to 12 of the Auditor's Report. The effect of these misstatements is not material to the financial statements taken as a whole, and Officers have therefore decided not to correct the misstatements as their correction would affect many figures within the financial statements.
- 5.4 Following certification of the accounts by the Auditor General, Audit Wales will issue an 'Audit of Accounts Addendum Report' which will set out the main findings of the audit along with recommendations and the associated management responses. This report will be presented to the Governance and Audit committee at its meeting on 08 October 2024.

Conclusion

- 5.5 It is the Auditor General's intention to issue an unqualified audit opinion on the 2022/23 Financial Accounts.
- 5.6 The 'Audit of Accounts Report' provides details of misstatements identified during the audit process. All misstatements have been adjusted with the exception of three non-trivial misstatements as detailed in paragraph 5.3 of this covering report.
- 5.7 The Audit Wales 'Audit of Accounts Addendum Report' will be presented to the Governance and Audit Committee on 08 October 2024.

6. ASSUMPTIONS

- 6.1 A range of accounting assumptions and estimates have been made in respect of the Financial Accounts in accordance with best accounting practice and guidance.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment is not required as the Financial Accounts represent a statement of fact and do not require a change of policy or strategy.

8. FINANCIAL IMPLICATIONS

- 8.1 As identified throughout the report.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

- 10.1 There are no consultation responses that have not been reflected in this report.

11. STATUTORY POWER

- 11.1 Accounts and Audit (Wales) Regulations 2014 (As Amended).

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Background Papers:

Working Papers for 2022/23 Financial Accounts

Appendices:

Appendix 1 Audit Wales 'Audit of Accounts Report – Caerphilly County Borough Council'.
Appendix 2 Financial Accounts for the Year Ended 31 March 2023.