

**COUNCIL:**

**28 MARCH 2024**

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**COMPLIANCE REPORTS 2022/23 - STATEMENT OF ACCOUNTS AND  
ANNUAL GOVERNANCE STATEMENT**

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**Reason for this Report**

1. The Statement of Accounts for 2022/23 are presented to meet the requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended). This provides that the Statement of Accounts be approved by a relevant committee or by the Council meeting as a corporate body. The report also includes the Annual Governance Statement (AGS) which is required to be approved by Council.
2. The International Standard on Auditing (ISA) 260 requires the Appointed Auditor to report to those charged with governance, on the key matters arising from the audit examination of the Statement of Accounts for the year ending 31 March 2023. It should be noted that the audited Statement of Accounts of Cardiff and Vale of Glamorgan Pension Fund for the financial year 2022/23 was approved by Council at its meeting in October 2023.

**Background**

3. The audited Statement of Accounts for the County Council of the City and County of Cardiff (Cardiff Council) and the Cardiff Harbour Authority are shown in Appendix 1. The Annual Governance Statement is attached at Appendix 2.
4. The draft accounts were presented to the Governance and Audit Committee on 11 July 2023. Prior to this, they were provided to Audit Wales on 16 June 2023 to commence the audit.
5. The draft accounts were available for public inspection between 19 July 2023 and 15 August 2023 as required by the Public Audit (Wales) Act 2004 and Accounts and Audit (Wales) Regulations, 2014 (as amended).
6. Following substantial completion of the audit, the Governance and Audit Committee on 26 March 2024 considered the Draft Audit of Accounts Reports (ISA 260) for the Council and Cardiff Harbour Authority which were presented by Audit Wales.
7. The statements include the following:
  - narrative report

- accounting policies
  - core financial statements
  - disclosure notes to the accounts
  - supplementary statements including Housing Revenue Account, Trust Funds, Cardiff Harbour Authority and group accounts which consolidates the position to include Cardiff City Transport Services Limited (Cardiff Bus).
8. Notes included in the Council's Statement of Accounts, either as a result of legislative or accounting requirements also include:
- disclosures on financial instruments (financial assets and financial liabilities)
  - capital expenditure and financing
  - remuneration including school's employees and
  - reserves and provisions.

### **The Cardiff Council Accounts**

9. The auditor's "Audit of Accounts Report (ISA 260)" for Cardiff Council is attached as Appendix 3. There are no uncorrected material misstatements.
10. Audit Wales intend to issue an unqualified audit report on the financial statements once they have been provided with the Letter of Representation, which is included in Appendix 3.

### **Cardiff Harbour Authority Accounts**

11. The auditor's "Audit of Accounts Report (ISA 260)" for the Cardiff Harbour Authority is attached as Appendix 4. There are no uncorrected material misstatements.
12. Audit Wales intend to issue an unqualified audit report on the financial statements once they have been provided with the Letter of Representation, which is included in Appendix 4.

### **Cardiff Port Health Authority**

13. The external auditor is also required to audit the annual return of the Cardiff Port Health Authority (CPHA). The Annual Return including the audit opinion is attached at Appendix 5.

### **Overview of the External Auditor's Audit Opinion**

14. Local authority financial statements are complex and can be difficult to understand. They must comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government.
15. Future year's changes in the Statement of Accounts include continued updates to meet new accounting requirements as well as uncertainty regarding the period over which the accounts are prepared, audited and published. Recommendations arising from the audit will form part of a management response in respect to the implications, cost, achievability and timing of agreed actions.

## **Annual Governance Statement (AGS)**

16. The AGS was submitted to the Governance and Audit Committee on 23 January 2024 for review. No significant amendments were made following feedback from this review by Audit Wales, with only minor narrative changes made in a revised statement included in Appendix 2.

## **Legal Implications**

17. The report is presented to Council to meet statutory, regulatory and codified requirements to do so.

## **Financial Implications**

18. This report is presented to Council in discharge of its duty to approve the audited accounts and AGS.

## **RECOMMENDATIONS**

Council is requested to:

1. Approve the audited Statement of Accounts 2022/23 – Cardiff Council and Cardiff Harbour Authority (Appendix 1).
2. Approve the Annual Governance Statement 2022/23 (Appendix 2).
3. Note the Audit of Accounts Reports (ISA 260) from Audit Wales on the Statement of Accounts of Cardiff Council and Cardiff Harbour Authority for the year ending 31 March 2023 (Appendices 3 and 4).
4. Approve the Cardiff Port Health Authority Annual Return 2022/23 (Appendix 5).
5. Note the final Letters of Representation for Cardiff Council and Cardiff Harbour Authority included within Appendices 3 and 4.
6. Note that the following documents will be signed following the conclusion of the meeting:
  - Statement of Accounts for Cardiff Council – Lord Mayor and Corporate Director Resources
  - Statement of Accounts for Cardiff Harbour Authority – Corporate Director Resources
  - Annual Return of Cardiff Port Health Authority – Lord Mayor and Corporate Director Resources
  - Annual Governance Statement – Leader of the Council and Chief Executive
  - Audit Certificate for the Cardiff Council and Cardiff Harbour Authority – Appointed Auditor, Audit Wales
  - Letter of Representation for Cardiff Council - Lord Mayor and Corporate Director Resources.

- Letter of Representation for Cardiff Harbour Authority – Lord Mayor and Corporate Director Resources.

**CHRISTOPHER LEE**  
**Corporate Director Resources**

The following appendices are attached:

Appendix 1 – Statement of Accounts 2022/23 – The County Council of the City and County of Cardiff as well as Cardiff Harbour Authority

Appendix 2 – Annual Governance Statement 2022/23

Appendix 3 – Audit Wales - Audit of Accounts Report 2022/23 (ISA 260) and Letter of Representation – Cardiff Council

Appendix 4 – Audit Wales - Audit of Accounts Report 2022/23 (ISA 260) and Letter of Representation – Cardiff Harbour Authority

Appendix 5 – Cardiff Port Health Authority Annual Return 2022/23