

GOVERNANCE AND AUDIT COMMITTEE: 20 July 2021

DRAFT STATEMENT OF ACCOUNTS 2020/21

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 6.2

Reason for this Report

1. The Governance and Audit Committee terms of reference set out the responsibility for reviewing the financial statements prepared by the authority and to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
2. CIPFA Audit Committee Guidance (2018) sets out the details of core knowledge and application of knowledge.

Details of core knowledge	Area of application of knowledge
Understanding of good financial management principles	Reviewing the financial statements prior to publication
Role of the Chief Finance Officer (CFO)	Receiving the external audit report and opinion on the financial audit
Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them	Reviewing both internal and external audit recommendations relating to financial management and controls
	Reviewing how the role of the CFO is met

3. This report has been prepared to provide Governance and Audit Committee Members with an opportunity to review and provide comments on the draft 2020/21 Statement of Accounts of:
 - Cardiff Council including; Cardiff Harbour Authority and Trust Funds
 - Cardiff and the Vale of Glamorgan Pension Fund
4. The accounts were signed by the Responsible Finance Officer on 15 June and 22 June respectively and are currently the subject of external audit and the public inspection period.

Background

5. The Local Government (Wales) Measure 2011 identifies the review of the Council's Statement of Accounts as a specific function of the Governance & Audit Committee.
6. The Statement of Accounts are complex and must meet a number of requirements. They are prepared in accordance with a Code of Practice developed by the Chartered Institute of Public Finance and Accountancy (CIPFA), legislative and Companies Act requirements where relevant.
7. Preparation and publication of the Statement of Accounts:
 - is a statutory requirement
 - aims to provide a true and fair view of the Council's financial position
 - provides accountability – Electors, tax and rent payers, pensioners, those charged with governance, funders, employees etc.
 - allows comparison / benchmarking across organisations
 - allows comparison across financial years
 - allows for consolidation for Whole of Government Accounts
 - allows interested parties to review and raise questions to Council and its auditor

Issues

8. At its meeting on 23 March 2021, the Committee received an introductory report on the financial statements for this year, including proposed timescales, draft accounting policies and changes in the 2020/21 Code of Practice. The committee also received the Draft Audit plan from Audit Wales.
9. The Council's statement of accounts includes:
 - narrative report
 - accounting policies
 - core financial statements
 - disclosure notes to the accounts
 - supplementary statements including Housing Revenue Account, Trust Funds, Cardiff Harbour Authority and also group accounts which consolidates the position to include the unaudited financial position of Cardiff City Transport Services Limited.
10. Notes included in the Council's Statement of Accounts, either as a result of legislative or accounting requirements, include:
 - disclosures on financial instruments (financial assets and financial liabilities)
 - capital expenditure and financing
 - remuneration and
 - reserves and provisions.
11. Committee have previously been provided with a document prepared by CIPFA – Understanding Local Authority Financial Statements. This is a background paper which may assist members of the Governance and Audit Committee and other users to understand the format of the accounts.

12. It is recognised that these are complex documents and to support members in undertaking their scrutiny role, Governance and Audit Committee members have been provided with the opportunity of an extended period of time to review and comment on the statements.

Reason for Recommendations

13. To provide Governance and Audit Committee with the Draft Statement of Accounts for Cardiff Council including; Cardiff Harbour Authority and Trust Funds and the Cardiff and the Vale of Glamorgan Pension Fund

Legal Implications

14. No direct legal implications as a result of this report.

Financial Implications

15. No Direct Financial Implications arise from this report

Recommendations

That Governance and Audit Committee:

- i. Note the 2020/21 draft Statement of Accounts and highlight any queries and comments.
- ii. Note that the audited Statements for 2020/21 will, prior to being presented to Council, be reviewed by this Committee.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
20 JULY 2021

The following Appendices are attached:

- Appendix 1 – Unaudited Draft Statement of Accounts 2020/21 – Cardiff Council including, Cardiff Harbour Authority, Cardiff Port Health Authority and Trust Funds
Appendix 2 - Unaudited Draft Statement of Accounts 2020/21 Cardiff and Vale of Glamorgan Pension Fund

Background Paper – Understanding Local Authority Financial Statements (CIPFA – 2016)