



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

22nd OCTOBER 2024

REPORT OF THE DIRECTOR OF FINANCE

Matter for Decision

Wards Affected – All wards.

Closure of Accounts 2023/24

Purpose of the Report

The purpose of this report is to consider and approve the 2023/24 Statement of Accounts following completion of the external audit.

Background

The Council's financial year ends on 31st March and following this date, the exercise starts to complete the annual outturn and the statutory statement of accounts.

The Council prepares its revenue and capital position which provides financial information reflecting the structure and operations of the Council. A draft statement of accounts is also prepared to comply with the current Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Accounts and Audit (Wales) regulations requires the responsible financial officer to sign and date the statement of accounts and certify that it presents a true and fair view of the financial position of the authority by 31 May 2024 and following this certification that published audited statement of accounts should be completed by 31 July 2024.

Following the pandemic there has been some disruption in the standard accounts preparation timetable for a number of years. Audit Wales (AW) provided their 2024 Audit Plan in which they have indicated that the proposed finalisation for the current year sign off would be November 2024.

Closure of Accounts 2023/24

Neath Port Talbot's Draft Statement of Accounts were signed and certified by the Director of Finance on 31st May 2024, and passed to Audit Wales to begin the audit process.

Audit Wales intend to issue an unqualified audit report on the financial statements once the Letter of Representation found in Appendix 2 has been approved and issued to Audit Wales by this committee.

Their work has identified 2 unidentified misstatements, 3 adjusted misstatements and 4 significant issues to be reported upon.

Uncorrected misstatements

£390,000 of government creditors were misclassified and should have been treated as an earmarked reserve. As the amendment has no effect on the closing general reserve position for 2023-24, and also in respect of the extended timing for the sign off of the statement of accounts in relation to the budgeting monitoring cycle for 2024-25 a decision was made to amend this item in the 2024-25 financial year.

£356,525 of costs relating to electric vehicle charges and solar panels were misclassified as infrastructure assets instead of property plant and equipment with a differing useful life on the asset. Due to the significant number of accounting entries that would be required within the statement of accounts it was felt it was beneficial to transact the adjustments during 2024-25 financial year. To ensure this does not happen in the future, there will be more stringent checks on the useful lives of assets.

Adjusted misstatements.

All other corrections identified as part of the audit of the draft accounts have been actioned in the final accounts and it should be noted that although the amendments had a £1.383m effect on the balance sheet and a corresponding effect on the Comprehensive Income and

Expenditure Account there was no overall impact on the Council's reported outturn, net expenditure, or usable reserves.

Members should note the main changes to the Final Statement of Accounts related to the derecognition of capital expenditure held within the Property Plant and Equipment (PPE). Derecognition other was reduced by £963,792 and reclassified within the PPE and infrastructure notes to the accounts. The remaining balance relates to the surplus assets that were required to be revalued due to new projects coming into existence. Due to this misstatement, there will be quarterly meetings with officers to discuss the correct classification of the assets and the assets that are being held as surplus. This will mitigate the likelihood of this misstatement reoccurring.

Significant Issues

As well as the items above 2 further items have been highlighted within the Auditors report as significant issues.

Internal Recharges

Although Audit Wales identified a net credit within the recharge coding structure the postings were identified as being in the main recharges for capital purposes. Audit Wales concluded that the recharges were treated correctly within the statement of accounts. Work has already commenced to provide an improved transparency of coding for audit purposes.

Classification of Surplus Assets

A review of surplus assets identified the double counting of land within the fixed asset register, one entry being within surplus assets the other included within other land and buildings. Audit Wales have recommended that all surplus assets going forward that processes are in place to ensure all surplus assets are reviewed each year. Processes have now already been agreed between Finance staff and the valuation team.

Annual Governance Statement

Members should note the Annual Governance Statement was approved by Cabinet on 24 July 2024. A copy can be found in Appendix 3.

Financial Impact

All financial impacts are contained within the body of the report.

Integrated Impact Assessment

There is no requirement for an integrated impact assessment in respect of this item.

Valleys Communities Impacts

There are no impacts in respect of this item.

Workforce impacts

There are no workforce impacts in respect of this item.

Legal Impacts

There are no legal impacts in respect of this item.

Risk Management

There are no risk management issues in respect of this item.

Consultation

There is no requirement under the Constitution for external consultation on this item.

Recommendations

It is recommended that Members of the Governance and Audit Committee:

- Approve the Letter of representation, included in Appendix 1.
- Approve the final 2023/24 Statement of Accounts as included in Appendix 2.
- Note the Annual Governance Statement included in Appendix 3.
- Authorise the Chair of Governance and Audit Committee to provide their electronic signature for both the Letter of Representation and the Statement of Accounts.

Appendix

Appendix 1 - Letter of Representation 2023/24

Appendix 2 - Statement of Accounts 2023/24

Appendix 3 - Annual Governance Statement 2023/24

Background Papers

Outturn / Closing working papers 2023/24.

Officer Contact

For further information on this report item, please contact:

Mr Huw Jones, Director of Finance

E-mail: h.jones@npt.gov.uk

Mrs Diane Mulligan, Chief Accountant – Technical

E-mail: d.mulligan@npt.gov.uk

Mr Ross Livingstone – Chief Accountant – Capital, Exchequer &
Financial Systems

E-mail: r.livingstone@npt.gov.uk