



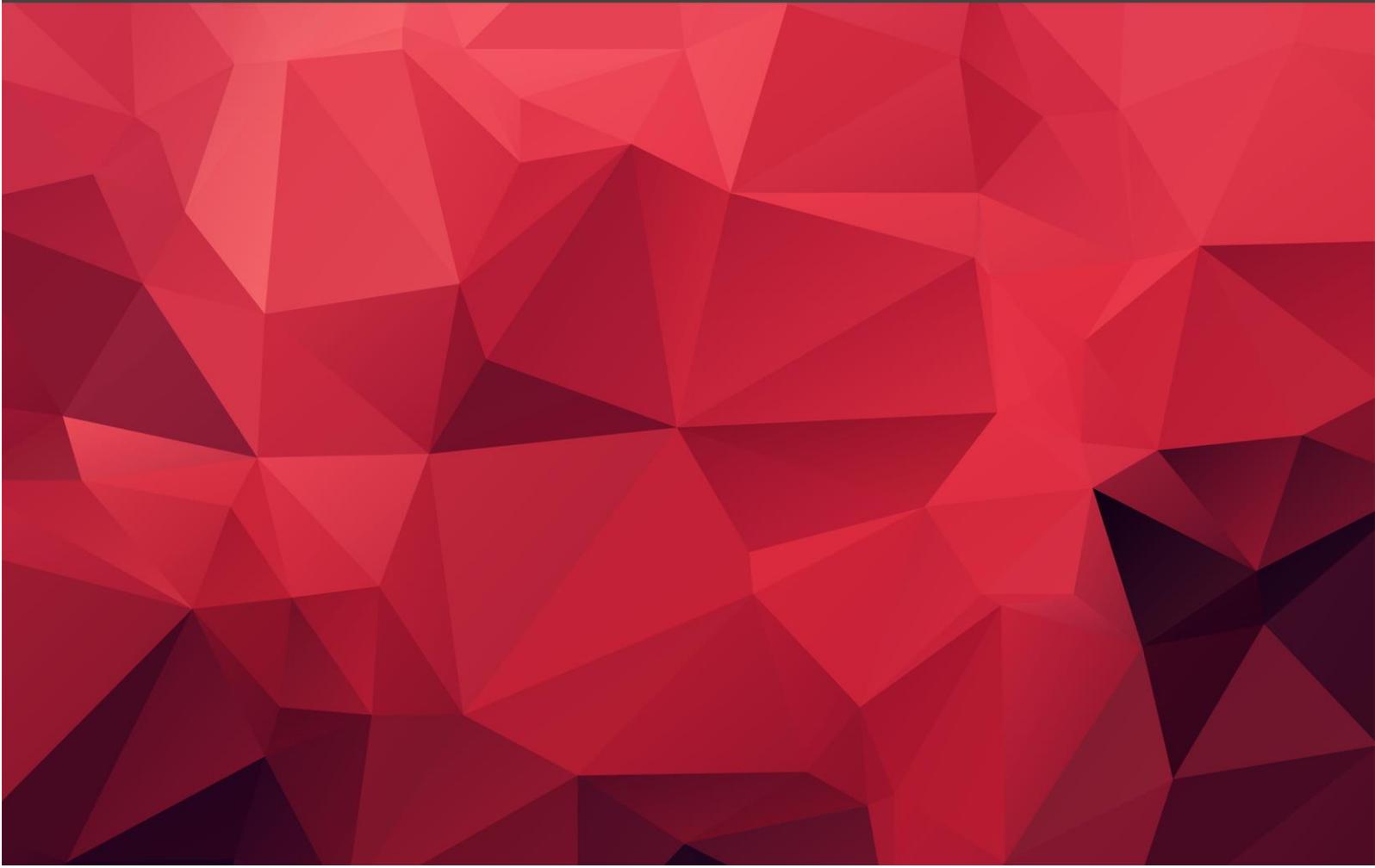
WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2020 Audit Plan – Neath Port Talbot Council

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2020 Audit Plan

Our duties

- 1 We complete work each year to meet the following duties.

Audit of financial statements

- 2 Each year we audit Neath Port Talbot Council (the Council)'s financial statements to make sure that public money is being properly accounted for.

Value for money

- 3 The Council has to put in place arrangements to get value for money for the resources it uses, and we have to be satisfied that it has done this.

Continuous improvement

- 4 The Council also has to put in place arrangements to make continuous improvements and we also check if it has done this.

Sustainable development principle

- 5 Public bodies need to make sure that when making decisions they consider the impact they could have on people living in Wales now and in the future. We have to assess the extent to which they are doing this.

Audit of financial statements

- 6 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness':
 - we plan to give an opinion on the Council's financial statements by 31 July 2020.
 - assess whether the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. We also review whether they are consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- 7 In addition to our responsibilities for auditing the Council's financial statements, we also have responsibility for:
 - certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
 - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
 - the audit of Margam Joint Crematorium Committee by 31 July 2020;

- the independent examination of the Welsh Church Act Trust Fund by 31 January 2021;
 - the certification of a number of grant claims and returns by various dates agreed with the funding bodies.
- 8 There have been no limitations imposed on me in planning the scope of this audit.
- 9 Further information about our work is provided in our Statement of Responsibilities, which is available on our website (www.audit.wales).

Financial Statement Audit Risks

- 10 The following table sets out the significant risks I have identified for the audit of the Council.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; • evaluate the rationale for any significant transactions outside the normal course of business.
Other areas of audit attention	
<p>McCloud judgement</p> <p>In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judges’ and firefighters’ schemes, as part of the reforms, amounted to unlawful discrimination. On 15 July 2019 the Government announced that they accept that the judgment applies to all of the main public service pension schemes.</p>	<p>My audit team will review the provision made in relation to the McCloud judgement and monitor progress on the development of proposals for a remedy to be applied in the LG pension scheme.</p>

Audit risk	Proposed audit response
The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.	
The Council is aiming to produce the 2019-20 financial statements by 30 May 2020, which is two weeks before the statutory deadline of 15 June 2020. This timetable is demanding and the retirement of the Chief Accountant in April 2020 presents a risk to the production of high quality financial statements and supporting working papers. Management will need to ensure that appropriate alternative arrangements are in place for the preparation and oversight of the financial statements.	<p>My audit team will:</p> <ul style="list-style-type: none"> • continue to work closely with the finance team to ensure potential accounts and audit issues are considered and resolved as early as possible; • review closedown plans and assess whether arrangements are in place to produce robust financial statements within the prescribed timetable.

Performance audit

- 11 In addition to our Audit of Financial Statements we also carry out a programme of performance audit work to discharge the Auditor General's duties set out on [page 4](#) in relation to value for money, continuous improvement and sustainable development. For 2020-21 this work is set out below.

Exhibit 2: Performance Audit Programme 2020-21

This table summarises the performance audit programme for 2020-21

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examination	A project common to all local councils that will focus on the theme of 'prevention'.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.
Local performance audit work	Review of workforce planning.

Certification of grant claims and returns

- 12 I have been requested to undertake certification work on the Council's grant claims and returns as set out in [Exhibit 3](#).

Exhibit 3: summary of grant claim certification work

This table summarises my 2019-20 programme of grant claim certification work

Name of scheme	Total/annual expenditure	Significant issues identified
Housing Benefit Subsidy	£48,771,000	Misclassification of expenditure between cells
NDR Non domestic rates return	£41,724,000	None
Teachers pensions return	£12,020,000	None

Fee, audit team and timetable

- 13 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 14 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 15 Your estimated fee for 2020 is set out in [Exhibit 4](#). There have been some small changes to my fees rates for 2020 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you. This represents a decrease compared to your actual 2019 fee.

Exhibit 4: audit fee

This table sets out the proposed audit fee for 2020, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	175,398	175,698
Performance audit work ³	99,310	99,449
Grant certification work ⁴	26,000	47,600
Other financial audit work ⁵	2,800	2,800
Total fee	303,508	325,547

- 16 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 17 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 18 The main members of my team, together with their contact details, are summarised in [Exhibit 5](#).

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

² Payable November 2019 to October 2020.

³ Payable April 2020 to March 2021

⁴ Payable as work is undertaken, reduced number of claims in 2019-20

⁵ Margam Crematorium Joint Committee £1,500, Welsh Church Act Trust Fund £1,300

Exhibit 5: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	07909 882609	derwyn.owen@audit.wales
Huw Rees	Director with responsibility for performance audit work	07799 581886	huw.rees@audit.wales
Gillian Gillett	Audit Manager (Financial Audit)	07966 866242	gillian.gillett@audit.wales
Kate Havard	Audit Lead (Financial Audit)	07813 449396	kate.havard@audit.wales
Colin Davies	Audit Manager (Performance Audit)	07786 800258	colin.davies@audit.wales
Alison Lewis	Audit Lead (Performance Audit)	07773 193217	alison.lewis@audit.wales

Timetable

- 19 Financial accounts work will be undertaken over the period February to September 2020. The timing and exact scope of individual performance audit projects will be confirmed by the Audit Manager with responsibility for performance audit work in due course.
- 20 I can confirm that my team members are all independent of the Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

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