



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

Dyddiad/ Date 14th September 2020
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Cyswllt/ Contact Mr Hywel Jenkins
Eich cyf/ Your ref
Ein cyf/ Our ref DOFCS/TJ

Appointed Auditor
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Dear Sir

Representations regarding the 2019-20 Financial Statements

This letter is provided in connection with your audit of the financial statements of Neath Port Talbot Council for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibility for:

- the preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the UK 2019-20; in particular the financial statements give a true and fair view in accordance therewith; and

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Croesewir gohebiaeth yn y Gymraeg a byddwn yn ymdrin â gohebiaeth Gymraeg a Saesneg i'r un safonau ac amserlenni.
We welcome correspondence in Welsh and will deal with Welsh and English correspondence to the same standards and timescales.

- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Neath Port Talbot Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of an uncorrected misstatement identified during the audit is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- The Council's historic cost property, plant and equipment records were incomplete and did not fully comply with the requirements of the Code of Practice on Local Authority Accounting. This requires that historic cost adjusted for the revaluation reserve value should equal the net book value of assets. The Council have updated their records but have been unable to fully reconcile the historic cost and net book value of its assets. The unreconciled difference is not material, the Council estimates that the revaluation reserve is overstated £1,676,000 and the capital adjustment account understated. Management have confirmed that this will be corrected in the 2020-21 financial year.

- Land and buildings at Harbour Court were revalued in 2019-20 as part of the Council's rolling revaluation programme. The property, which is leased by the Council includes a stepped rent for which an equivalent rent was calculated as part of the valuation process. However, the Council's valuation software erroneously overwrote the equivalent rent input into the system by the valuer. The impact of this unadjusted misstatement is that other land and buildings are understated by £281,344 and the loss charged to the CIES overstated. We have confirmed that no further similar errors have occurred, and management have stated that this will be corrected in the 2020-21 financial year.

Representations by the Audit Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 14 September 2020.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you.

We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware

Signed by:

Director of Finance and Corporate Services:
Date: 14 September 2020

Signed by:

Chair of the Audit Committee
Date: 14 September 2020