



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

28th July 2021

REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES

Matter for Decision

Wards Affected – All wards

Statement of Accounts 2020/21

Purpose of the Report

The purpose of this report is to consider and approve the 2020/21 Statement of Accounts, following the completion of the external audit.

Background

For 202/21 Local authorities were originally required to complete and submit a set of accounts to audit by the 31st May 2021, with a requirement to gain Audit Committee approval, following the conclusion of the audit process, by the 31st July 2021. However due to the ongoing impact of Covid19 this requirement was relaxed with a longer timetable set but as in most recent years this Council has continued to prepare the Statement of accounts in line with this early timetable.

Closure of Accounts 2020/21

Neath Port Talbot's Statement of Accounts was submitted to the external auditor on the 27th May 2021 and they have now substantially completed their audit.

The final Statement of Accounts has been updated from the draft considered in June to reflect a number of amendments identified by Audit Wales during the course of their audit, details of which can be found in the Audit Wales ISA260 report.

For 2020/21 audit members should note that once again Audit Wales are issuing an unqualified audit opinion.

Uncorrected Misstatements

One uncorrected misstatement has been identified during the audit. This relates to an insurance provision. The estimated future liabilities as identified in the Actuary report provides two estimates one being “best estimate” the second includes a buffer for unexpected losses. This buffer element of £862,000 was incorrectly included within the provision calculation rather than in the Insurance reserve.

The impact of the above is to reduce the long term provision, current year expenditure and the General Reserve balance and increase the Insurance reserve by £862,000 this will be corrected during the budget monitoring process and reported to Cabinet around September. As this item was only identified towards the end of the audit work and together with the numerous statements that would need to be corrected it was decided that it was appropriate to make the adjustment in the current financial year.

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 none of these has had an impact on the Council’s reported net expenditure or usable reserves.

Members should note that some of the main changes to the Final Statement of accounts relate to:

A disclosure error of £936,000 within note 5 to the accounts where in year capital receipts were utilised to fund capital expenditure were disclosed net within the capital receipts reserve.

A disclosure omission of £4,562,000 non PWLB / LOBO fair value was excluded from the fair value disclosure in Note 12.

A disclosure amendment was required to Note 27 Officers Remuneration. In relation to the Director of Education the disclosure note excluded the cycle to work contribution and annual leave paid on

retirement on 31st March 2021 amounting to a total increase in £19,756 remuneration costs (inclusive of employer pension contributions).

Following the receipt of the certified Letter of Representation, after approval at this meeting, Audit Wales intend issuing an unqualified audit report.

Annual Governance Statement

Members should note the Annual Governance Statement was approved by Cabinet in May 2021. There has been additional wording included to comply with CIPFA disclosure requirements in relation to Financial Management Code.

Conclusions

Neath Port Talbot Council has closed its accounts and produced its Statement of Accounts within the originally prescribed statutory time frame.

Audit Committee should note that the external auditor is once again able to issue an unqualified audit opinion.

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 approve the Letter of Representation, included as Addendum 1;
- Members approve the final 2020/21 Statement of Accounts, as included in Addendum 2;
- Members approve the Annual Governance Statement included in Addendum 3;
- The Chair of the Audit Committee be authorised to provide his electronic signature for the Letter of Representation and the Statement of Accounts.

Reason for proposed decisions

To ensure that the Council's Statement of Accounts is approved.

Implementation of Decision

The decision is proposed for immediate implementation.

Appendix

Addendum 1 – Letter of Representation 2020/21

Addendum 2 – Statement of Accounts 2020/21

Addendum 3 – Annual Governance Statement 2020/21

Background Papers

Closing working papers 2020/21

Officer Contact

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