

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10 SEPTEMBER 2020

REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

STATEMENT OF ACCOUNTS 2019-20

1. Purpose of report

- 1.1 The purpose of this report is to present to Audit Committee the final Statement of Accounts for 2019-20, which is now due to be certified by our external auditors, Audit Wales, and the associated Letter of Representation of the Council.
- 1.2 Audit Wales will update Members on their main findings from the audit, summarise the audit work carried out in respect of the 2019-20 financial year, and present their Audit of Financial Statements Report, which requires the appointed auditor to report these key findings to those charged with governance.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-
 1. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.
- 2.2 The Council's financial performance is an important element in determining the extent to which the Council's well-being objectives can be delivered.

3. Background

- 3.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018) and its content is defined by the Chartered Institute of Public Finance and Accountancy's '*Code of Practice on Local Authority Accounting in the United Kingdom*' (the Code).
- 3.2 The unaudited Statement of Accounts 2019-20 was signed by the responsible financial officer on 30 June 2020 and presented to Audit Committee on 16 July 2020 for noting. During the intervening period the external audit has taken place, resulting in a number of amendments being made to the financial statements noted below.
 - Comprehensive Income and Expenditure Statement – to correct the treatment of an asset disposal between Cost of Services and Other Operating Expenditure.
 - Balance Sheet – increase in assets to represent the return of a care home to Council ownership.

Neither of these adjustments had an impact on the Council Fund.

3.3 A number of notes were amended that did not affect the financial position of the Council, which are detailed within the Auditor's Report. They include:

- Note 15 Disclosure 3 – Remuneration – amendment to reflect changes in management during the year.
- Note 19 – Related Party Transactions – inclusion of year-end balances owed to/from the Council and prior year comparatives. These have not been included in previous accounts but the addition brings the accounts in line with the Code requirements. The figure for the payment in 2019-20 to Awen Trust was amended due to a carry over of the prior year figure in error.
- Note 26 – Provisions – presentational change to provide a breakdown of the figures, but no overall change to the net provisions figure.

3.4 The amended audited Statement of Accounts 2019-20 is attached at **Appendix A**. The detail of all the amendments are contained within the Auditor's Report at **Appendix B**.

3.5 The audited Statement of Accounts 2019-20 is required to be signed by the Chief Financial Officer and the Chair of the Audit Committee by 14 September, as presenting a 'true and fair view' of the financial position of the Council as at 31 March 2020.

4. Current situation/proposal

4.1 Audit Wales have substantially completed their audit work and the Statement of Accounts are due to be signed by the Auditor General for Wales on 15 September 2020, subject to Audit Committee approval of the accounts.

4.2 The Council Fund and Earmarked Reserves balances as at 31 March 2020, as presented to the Audit Committee in June 2020, have not changed.

4.3 In line with the International Standard on Auditing (ISA) 260, the external auditor is required to communicate relevant matters relating to the audit of the financial statements to those 'charged with governance'. These matters are incorporated into the 'Audit of Financial Statements Report' at **Appendix B**. The appendix also contains the full list of all adjustments made to the accounts as a result of the audit, as described in paragraphs 3.2 to 3.4, and recommendations arising from the audit, together with management responses to the recommendations made. It is pleasing to note the auditor's comments that 'No significant matters arose this year. Our audit progressed smoothly and with a noticeably reduced number of audit issues in comparison to recent past years.'

4.4 As noted in Appendix B, there is only one recommendation raised following the audit, compared to nine the previous year. The recommendation is in relation to the oversight of the Council's Fixed Asset Register in that the Council should strengthen its controls in relation to the Asset Register by undertaking regular reviews of access

and use of the system. To reassure the Committee, annual checks are undertaken through ensuring opening balances in the current year match closing balances the prior year as part of the annual Statement of Accounts Closing process, and additions and disposals match transactions within the core accounting system. However, reviews will be undertaken during the year to ensure the continued integrity of the data held within the Asset Register to provide additional assurance in line with the recommendation.

- 4.5 A Final Letter of Representation from the Council is required by the Appointed Auditor to complete the process and enable the accounts to be approved. This is included as **Appendix C**.

5. Effect upon policy framework and procedure rules

- 5.1 There is a legal requirement for the Statement of Accounts to be signed by the responsible financial officer, approved by the relevant committee, and published by 15 September following the end of the financial year.

6. Equality Impact Assessment

- 6.1 Whilst the production of the Statement of Accounts does not itself raise any equality issues, it does summarise the financial consequences of the budget reductions and service reconfigurations identified in the Council's Medium Term Financial Strategy. When these proposals were being developed consideration was given to their potential impact on protected groups within the community.

7. Well-being of Future Generations (Wales) Act 2015 implications

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

8. Financial implications

- 8.1 These are reflected in the body of the report.

9. Recommendation(s)

- 9.1 It is recommended that the Committee:
- approve the audited Statement of Accounts 2019-20 as amended (**Appendix A**)
 - note the appointed auditors Audit of Financial Statements report (**Appendix B**)
 - note and agree the Final Letter of Representation to the Wales Audit Office (**Appendix C**).

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Background documents: None