

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

22 JULY 2021

### REPORT OF THE INTERIM CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

#### STATEMENT OF ACCOUNTS 2020-21

#### 1. Purpose of report

- 1.1 The purpose of this report is to present to the Governance and Audit Committee the audited Statement of Accounts for 2020-21, 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 the Committee on their main findings from the audit, summarise the audit work carried out in respect of the 2020-21 financial year, and present their Audit of Accounts 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**:
  - **Smarter use of resources** – ensuring 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 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 corporate 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 in 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 2020-21 was signed by the responsible financial officer on 11 June 2021, and presented to the Governance and Audit Committee on 18 June 2021 for noting. During the intervening period the external audit has taken place, resulting in a number of amendments being made to the financial statements, including those noted below.
  - Comprehensive Income and Expenditure Statement – to correctly account for revenue grant income incorrectly treated as capital grant income. This amendment

also impacted upon the Movement in Reserves Statement (MIRS) and the Balance Sheet.

- Comprehensive Income and Expenditure Statement - to net down transactions in respect of a pooled budget which were incorrectly shown as gross. This also impacted upon the Balance Sheet.
- Balance Sheet – to show the 2019-20 comparative overdrawn bank balance against 'bank overdraft' for consistency with the 2020-21 balance.
- Cash Flow Statement - to correctly disclose the year end bank overdraft balance within the closing cash balance on the cash flow statement rather than being an adjustment within the cash flow.

None 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 11 Grants – to provide more explanation and detail on the Covid grant income, and to tie it in with the narrative report. It also included re-classification of housing subsidy grant income received.
- Note 21e Sources of Finance for Capital Expenditure – to correctly classify government grant funding.
- Note 31 Financial Instrument Disclosures - to show the true overdraft balance relating to the Council.

3.4 The amended audited Statement of Accounts 2020-21 is attached at **Appendix A**. The detail of all the amendments are contained within the Auditor's Audit of Accounts Report at **Appendix B**.

3.5 The audited Statement of Accounts 2020-21 is required to be signed by the Chief Financial Officer and the Chair of the Governance and Audit Committee by 22 July, as presenting a 'true and fair view' of the financial position of the Council as at 31 March 2021.

#### **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 23 July 2021, subject to Governance and Audit Committee approval of the accounts.

4.2 The Council Fund as at 31 March 2021, as presented to the Governance and Audit Committee in June 2021, has 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 Accounts 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 and 3.3. It is pleasing to note the auditor's comments that '*You have a statutory requirement to prepare accounts and it is of considerable testament to the commitment of your finance team, and other staff where relevant, that you have succeeded in doing so this year in the face of the challenges posed by this pandemic*' and that we produced our accounts significantly ahead of the Welsh Government's permissible dates for this year.

4.4 No recommendations are provided by the Appointed Auditor as part of his report, but we are informed that these will be set out in a letter later in the year, and these, along with management's responses, will be brought to the attention of the Governance and Audit Committee as appropriate.

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 31 July following the end of the financial year to which it relates.

## **6. Equality Act 2010 implications**

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

## **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. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 These are reflected in the body of the report.

## **9. Recommendations**

9.1 It is recommended that the Committee:

- approves the audited Statement of Accounts 2020-21 as amended (**Appendix A**);
- notes the appointed auditors Audit of Accounts Report (**Appendix B**);

- notes and agrees the Final Letter of Representation to Audit Wales (Appendix C).

Gill Lewis CPFA

**Interim Chief Officer – Finance, Performance and Change**

July 2021

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**Background Documents:** None