

Committee: **Audit Committee**
 Date of meeting: **17 November 2020**
 Report Subject: **Statement of Accounts 2016/17, 2017/18 & 2018/19**
 Portfolio Holder: **Cllr N. Daniels, Leader / Corporate Services**
 Report Submitted by: **Rhian Hayden, Chief Officer, Resources**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
			17.11.20					

1. Purpose of the Report

1.1 To present for consideration and approval the 2016/17, 2017/18 & 2018/19 Statement of Accounts (Appendix 1, 2 & 3) as at 31 March in each year.

2. Scope and Background

2.1 The requirements for preparation, inspection, audit, approval and publication of Local Authority annual accounts are specified in the Public Audit (Wales) Act 2004 [the 2004 Act] and the Accounts and Audit (Wales) Regulations 2014 [the 2014 Regulations] as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

2.2 During September 2017, Audit Wales received correspondence which raised a number of concerns in relation to the Council's relationship with Silent Valley Waste Services Ltd (SVWS). Audit Wales' investigation has been ongoing and as a result the Auditor General has been unable to give an opinion on the Council's accounts for 2016/17, 2017/18 & 2018/19.

2.3 Audit Wales continue to examine a number of matters relating to the Council's historic relationship with SVWS that will be reported on in due course. However, Audit Wales do not consider that any of the ongoing matters to be material to the Auditor General's opinion on the Council's financial statements and the audit opinion can therefore now be provided.

2.4 To this end, the Statement of Accounts for 2016/17, 2017/18 & 2019/20 are being represented to the Audit Committee at this meeting for approval. The Chief Officer – Resources must certify the Accounts prior to approval by the Committee. If agreed, the Chair of the Audit Committee (as the person presiding over the meeting) should then sign and date the Accounts on behalf of the Authority.

2.5 Subsequently the Authority anticipates receiving a signed audit opinion from the Auditor General for Wales.

- 2.6 The Auditor General's opinion is that for each of the three financial years (2016/17, 2017/18 & 2018/19) the Blaenau Gwent's financial statements:-
- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March each year; and
 - have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.
- 2.7 However, for 2016/17 and 2017/18, it is the Auditor General's intention to issue a modified opinion on the Council's financial statements. The Auditor General considers that the pension contributions paid on behalf of the Chief Finance Officer and the Corporate Director of Environment & Regeneration for their roles as directors of a wholly-owned subsidiary of the Council, Silent Valley Waste Services Ltd (SVWS) appear to be contrary to law and the Council should have disclosed the nature and impact of these additional pension contributions for the financial statements to give a true and fair view, but it has failed to do so.
- 2.8 The Council has sought independent legal advice on this matter and accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.
- 2.9 The Council in early 2018 revised the governance arrangements with regard to Directors of Silent Valley Waste Services and as a result the issue identified in 2.7 does not impact upon 2018/19, it is therefore anticipated that the Auditor General will issue an unqualified opinion on the Council's Statement of Accounts for 2018/19.
- 2.10 In addition to the above issue, Audit Wales' reports (on this agenda) also highlights the corrected and uncorrected misstatements identified as part of the audit of accounts.
- 2.11 For 2016/17 & 2017/18 the misstatements have been corrected within the respective statement of accounts. For 2018/19 there are a small number of misstatements that remain uncorrected. All misstatements have been considered previously by the Audit Committee who agreed the Officer recommendation not to amend the misstatements identified on the basis that these would not have a material impact on the accounting statements.
- 2.12 If the final statutory reports presented by Audit Wales were to contain any material qualification issues, the audited Statement of Accounts may also need to be reported to Council.

3. Options for Recommendation

3.1 Option 1 (preferred)

The Audit Committee considers and approves the 2016/17, 2017/18 & 2018/19 Statement of Accounts.

3.2 **Option 2**

The Audit Committee considers and does not approve the 2016/17, 2017/18 & 2018/19 Statement of Accounts.

4. **Evidence of how does this topic supports the achievement of the**

4.1 **Statutory Responsibilities**

The Statement of Accounts is prepared in accordance with relevant statutory and regulatory provisions, accounting codes of practice and accounting standards. It details the financial transactions of the Authority for the financial year and the value of assets, liabilities and reserves at the balance sheet date (31 March).

5. **Implications Against Each Option**

5.1 **Financial**

5.1.1 The Narrative Report section of each of Statement of Accounts highlights the most significant matters affecting the Accounts and outlines the Authority's overall financial position.

5.2 **Risk**

5.2.1 Failure to approve the Council's Statements of Accounts could result in reputational damage to the Council.

5.3 **Legal**

5.3.1 The requirements for preparation, inspection, audit, approval and publication of Local Authority annual accounts are specified in the Public Audit (Wales) Act 2004 [the 2004 Act] and the Accounts and Audit (Wales) Regulations 2014 [the 2014 Regulations] as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

5.4 **Personnel**

5.4.1 The report identifies that, in the opinion of the Auditor General, pension contribution payments made on behalf of two officers in relation to their Directorships of Silent Valley Waste Services were contrary to law.

5.4.2 The Council accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

6.1.1 The Statements of Accounts attached have been prepared in accordance with the relevant statutes, regulations, accounting codes and standards. For

each of the three years under consideration, the External Auditor (i.e. Audit Wales) has concluded the detailed financial audits of the individual disclosure notes and accounts that comprise the overall Statement. Their Audit of Financial Statements Report for each of these years is included within the agenda of this meeting.

6.2 **Expected outcome for the public**

6.2.1 Preparation, publication and approval of statutory accounts helps demonstrate stewardship of the Authority's resources and its ability to provide services to the local community in the short and long term.

6.3 **Involvement** (*consultation, engagement, participation*)

6.3.1 Not applicable.

6.4 **Thinking for the Long term** (*forward planning*)

6.4.1 Preparation of statutory accounts helps demonstrate stewardship of the Authority's resources and its ability to provide services to the local community in the short and long term.

6.5 **Preventative focus**

Not applicable.

6.6 **Collaboration / partnership working**

Not applicable.

6.7 **Integration (across service areas)**

Not applicable.

6.8 **EqIA**

6.8.1 An EQIA is not required as this report provides an actual outturn position in relation to the Authority's transactions and year-end balances for the financial year, on an objective basis in accordance with relevant accounting standards, codes, concepts, principles, guidance and legislation.

7. **Monitoring Arrangements**

7.1 The Council takes into consideration the financial standing of the Authority when setting & monitoring budgets and in developing future medium term spending plans.

Background Documents /Electronic Links

Appendix 1 – Statement of Accounts 2016/17

Appendix 2 - Statement of Accounts 2017/18

Appendix 3 - Statement of Accounts 2018/19