

## **DIRECTORATE OF FINANCE & CORPORATE SERVICES**

### **REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES - H JENKINS**

**26<sup>th</sup> September 2014**

#### **SECTION A - MATTER FOR DECISION**

**WARDS AFFECTED:** All

#### **CLOSURE OF ACCOUNTS 2013/14**

##### **1. Purpose of the Report**

- 1.1 This report addresses the need for Members to approve the audited Annual Statement of Accounts by 30<sup>th</sup> September 2014.

##### **2. Background**

- 2.1 The draft Statement of Accounts must be prepared and passed to the Council's External Auditors by 30th June each year. They then have a three month period to audit the accounts and at the end of this period they provide a report for Members consideration and approval before the statutory deadline of 30th September.
- 2.2 The draft Statement of Accounts was provided to the Wales Audit Office on the 19<sup>th</sup> June 2014, well in advance of the deadline of the end of June and the auditors have completed the majority of their audit work.

##### **3. Closure of Accounts 2013/14**

- 3.1 The Wales Audit Office intends to issue an unqualified audit report on the financial statements. Their work identifies that all misstatements which were identified have been corrected in the Council's Final Statement of Accounts which is included as Addendum 1.

- 3.2 There were three issues identified during the audit that had a net impact on the Council's Comprehensive Income and Expenditure Statement at year end. These relate to:
- Environment refuse vehicles £341,000 - Invoices were charged to the accounts for 2013/14, but the vehicles were not received until after the financial year end. The accounts have been updated to reflect a reduction in spend and to remove the contribution made from the waste reserve to fund the purchase.
  - Education grant income £45,000 – it was estimated that grant income would be at a higher level than was actually received. This resulted in a requirement to reduce the income figure with this adjustment funded from the Education Equalisation Reserve. This means that the opening balance available in this reserve in 2014/15 is less than was originally reported.
  - Capital £375,000 – initially, it was assumed that some costs were to be treated as other land and buildings within the Council's asset register, however, the spend relates to Assets under Construction so should not have been charged to the Council's revenue accounts.
- 3.3 There have been a number of other amendments actioned throughout the Audit process, mainly in relation to items miscoded within debtors and creditors, or analysed incorrectly as income or expenditure. Some of these items have resulted in the restatement of 2012/13 and the affected areas are identified in the accounts. Details of these amendments are provided in Appendix 3 of the Audit of the Financial Statements Report prepared by the Wales Audit Office, which can be found as Addendum 2.
- 3.4 The WAO report identifies that they have no major concerns about the qualitative aspects of the Council's accounting practices and financial reporting. They found the information provided to be relevant, reliable, comparable, and easy to understand.
- 3.5 The auditors recognised that the overall quality of working papers provided for audit continued to improve, although the effect of staff leaving under the voluntary redundancy scheme has impacted on some directorates with officers taking over new roles during the closure process being unfamiliar with audit requirements. The

auditors will continue to work with the Council's officers in 2014/15 to build on the already significantly improved performance.

#### **4. Recommendations**

4.1 It is recommended that:

- Members approve the Letter of Representation;
- The final 2013/14 Statement of Accounts as included in the Addendum, including the restatement of the 2012/13 accounts, is approved by Members;
- The Chair of the Audit Committee be authorised to sign the Letter of Representation and the Statement of Accounts;
- Officers are tasked with continuing to make improvements to the accounts preparation process to ensure continued improvements are achieved.

#### **Appendix**

Addendum 1 – Statement of Accounts 2013/14

Addendum 2 – Audit of the Financial Statements Report-Wales Audit Office

#### **Background Papers**

Closing working papers 2013/14

#### **Wards Affected**

All

#### **Officer Contact**

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