



COUNCIL – 25TH SEPTEMBER 2013

SUBJECT: FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To advise Members of the two outstanding issues in respect of the Financial Statements 2012/13. To assign delegated powers to the Section 151 Officer and the Mayor to sign the Financial Statements 2012/13 on behalf of Council to ensure deadlines are achieved.

2. SUMMARY

- 2.1 The report gives details in respect of the two issues that are still outstanding and yet to be resolved with the Authority's External Auditors PricewaterhouseCoopers (PWC).
- 2.2 To request that delegated powers are given to the Section 151 Officer and the Mayor to ensure that the Accounts can be signed by the deadline date of 30 September 2013.
- 2.3 To advise Members of the uncorrected misstatements as reported by PWC in their ISA 260 Report to Audit Committee on 17 September 2013.

3. LINKS TO STRATEGY

- 3.1 The Financial Statements deal with resources available to the Authority that influence the delivery of policies and strategies.

4. THE REPORT

- 4.1 PWC advised the Audit Committee on 17th September 2013 that there were two outstanding significant issues that remained as part of their Audit of the Accounts for 2012/13. The two issues are detailed on p. 6 of their ISA 260 Report ("Audit of Financial Statements"). These two issues still remain outstanding at 23rd September 2013. Hence, the attached Financial Statements are in draft form for consideration by Council on 25th September 2013. It is anticipated that these two matters will be resolved by the evening of the 25th or a day or two days later which would allow the Accounts to be submitted to Wales Audit Office (WAO) for signing before 30th September 2013 deadline.
- 4.2 Council are requested to assign delegated powers to the Section 151 Officer and the Mayor to ensure that the Financial Statements for 2012/13 can be adjusted by Officers after the Council meeting of 25th September 2013 and then authorised prior to submitting to WAO before 30th September 2013.

4.3 A report will be presented to the next available Council meeting advising Members of the adjustments that were made to the draft Accounts as presented to Council on 25th September 2013, prior to the submission to the WAO. This will give an opportunity for Members to have sufficient time to read the Financial Statements and ask questions in respect of these accounts.

4.4 The two outstanding issues affect the following areas:-

- The valuation of Council dwellings
- Senior Officers' pay

The valuation of Council dwellings is not a cash backed adjustment and does not affect the General Fund or the Authority's ability to borrow money. Any change to the valuation does not generate a cash loss or gain to the Authority.

Senior Officers' pay relates to the notes to the Accounts. There is an outstanding matter that WAO are looking to clarify in relation to the value of the unlawful expenditure relating to Senior Officer pay rises and the Annual Leave / Essential User Buy Out arrangements.

4.5 Members are reminded that there is very little content in the Financial Statements that they can change without seeking agreement with the Authority's External Auditors.

4.6 Members are advised that the Section 151 Officer is recommending that the uncorrected misstatements highlighted in PWC's ISA 260 Report are not adjusted in the Financial Statements for 2012/13. There are three items referred to the PWC Report to Audit Committee (17th September 2013, page 9) in respect of uncorrected misstatements as follows:-

- An adjustment to the aftercare costs of the Trehir Landfill Site. Members are advised that there is a Revenue Budget to fund the annual maintenance costs of this site, in addition to a earmarked reserve of up to £1.1 m for one off capital or unforeseen expenditure. Hence, the Authority's provision for both revenue and one off costs should be more than sufficient to meet future and ongoing requirements. The Section 151 Officer is recommending that there is no need to set aside a further amount of £1 m from the General Fund balances. This is a consistent approach to the treatment of this earmarked reserve in last year's Financial Statements.
- A pre-payment of £361 k in respect of assets purchased during the year with the intention to sell and lease them back from a Leasing Company will be adjusted in 13/14 rather than 12/13.
- A greater than anticipated return of the Final Dividend from the Heritable Bank, has resulted in a reduction in the impairment value for the investments in Icelandic Banks of £600 k. This amount could be transferred to General Fund Balances. At this point in time, the Section 151 Officer recommends that this amount remains in the Impairment Fund and that a review is undertaken in December 2013 when there may be more detail in respect of the return of the outstanding Landsbanki monies totalling approximately £2.4 m.

5. EQUALITIES IMPLICATIONS

5.1 There are no equality implications relating to this report.

6. FINANCIAL IMPLICATIONS

6.1 These are dealt with in the body of the report.

7. PERSONNEL IMPLICATIONS

7.1 None.

8. CONSULTATIONS

8.1 Comments from consultees have been incorporated into this report.

9. RECOMMENDATIONS

9.1 Council are requested to:-

- (1) assign delegated powers to the Section 151 Officer and the Mayor to authorise the Financial Statements 2012/13 prior to submitting to WAO;
- (2) to note and agree the recommendations made by the Section 151 Officer in relation to the uncorrected misstatements detailed in Paragraph 4.6 above.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure that the Financial Statements for 2012/13 are agreed by the Authority to ensure compliance with the deadline for signing by the WAO of 30 September 2013.

11. STATUTORY POWER

11.1 Accounts and Audit (Wales) Regulations 2005 amended by The Accounts and Audit (Wales) (Amendment) Regulations 2010.

Author: Nicole Scammell, Acting Director of Corporate Services & S 151 Officer
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Councillor Keith Reynolds, Deputy Leader and Cabinet Member for Corporate Services

Background Papers:
Working Papers for Financial Accounts 2012/13

Appendices:
Appendix 1 Draft Financial Statements 2012/13