



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Audit of Financial Statements Report **Caerphilly County Borough Council**

Audit year: 2012-13

Issued: Issued to Audit Committee on 16 September 2013

Document reference: [XXXA2013](#)

Status of report

This document has been prepared for the internal use of Caerphilly County Borough Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

This document was produced by PricewaterhouseCoopers LLP on behalf of Anthony Barrett, the Appointed Auditor. The team who delivered the work comprised Lynn Pamment, Ian Davies and Osian Lloyd.

Contents

Anthony Barrett, as Appointed Auditor, intends to issue a modified audit report on your financial statements. There are some issues to report to you prior to their approval.

Summary report

Introduction	4
Status of the audit	4
Proposed audit report	5
Significant issues arising from the audit	5
Independence and objectivity	11

Appendices

Final Letter of Representation	12
Proposed audit report of the Appointed Auditor to the Members of Caerphilly County Borough Council	16
Summary of corrections made to draft financial statements which should be drawn to the attention of those charged with governance	18

Summary Report

Introduction

1. Anthony Barrett, as Appointed Auditor, is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Caerphilly County Borough Council at 31 March 2013 and its income and expenditure for the year then ended.
2. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
3. The quantitative levels at which we judge such misstatements to be material for Caerphilly County Borough Council are £6m for income and expenditure items and working capital balances. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. We have used a smaller materiality threshold for auditing disclosures related to Senior Management pay.
4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
5. This report sets out for consideration the matters arising from the audit of the financial statements of Caerphilly County Borough Council, for 2012-13 that require reporting under ISA 260.

Status of the audit

6. We received the draft financial statements for the year ended 31 March 2013 on 7 July 2013 and at the date of our presentation of this report, audit work is ongoing in the following areas:
 - Senior officer pay disclosures
 - Valuation of council dwellings properties
 - Completion of testing on certain income and expenditure and balance sheet items
 - Review of the accounting for the Authority's share of the assets and liabilities of its interests in other bodies
 - Whole of government accounts
 - Value for money conclusion
 - Completion procedures
 - Management representation letters
7. We will update members of the Audit Committee as to the outcome of our work in these areas at the meeting on 17 September 2013.

-
8. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Section 151 Officer.

Proposed audit report

9. It is the Appointed Auditor's intention to issue a modified audit report on the financial statements to draw attention to certain items of unlawful expenditure. The opinion on the financial statements will be unqualified but will contain an explanatory paragraph relating to the items of unlawful expenditure. The opinion will be issued once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
10. The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Valuations of fixed assets

Current year valuations

11. The valuation of fixed assets is the most judgemental area in the accounts, primarily due to the large asset base held by the Authority.
12. The Authority values its property, plant and equipment by undertaking a rolling programme of revaluations over a period of five years. In addition to this, the 48 assets with the highest value as at the prior year end have been valued during the year providing coverage of approximately 45% of the net book value ("NBV") in the draft accounts.
13. We identified a number of assets with a total net book value of £2.5m that had not been formally valued in the last 5 years. They have not been revalued on the grounds of materiality. They have however been uplifted for movements in building cost indices in prior years.
14. During the year leisure centre assets were valued by external consultants GVA Grimley. The external valuers included finance costs in the valuation. Whilst in accordance with the Red book, this is not in accordance with CIPFA guidance. Correcting for this results in a decrease in value of £0.9m. Management have agreed to adjust for this in the draft accounts.
15. The approach adopted by the Authority to value its property has been evolving since the introduction of IFRS. A number of meetings took place with the Authority prior to the year end and completion of the draft accounts to discuss the valuations approach.
16. The Authority has considered whether there has been any material movement during the year in the valuation that should be recognised in the financial statements in respect of assets that have not been subject to formal revaluation as part of the rolling programme. The exercise undertaken by the Authority showed a difference of £3.7m

to the values recorded in the draft accounts. This was not considered to be material and no adjustment was required to the draft accounts.

17. A depreciation charge of £278k was incurred in the year relating to heritage assets. Such assets should not be depreciated given the intention to maintain for the long term. Management have agreed to adjust for this in the draft accounts.

Valuation of Council Dwellings

18. The fair value of the council dwellings properties is determined using the basis of existing use value for social housing. The valuation is calculated using discounted cash flows generated from a model designed by the Welsh Government for the 30 year business plan for Welsh housing revenue accounts. The model includes cash flows relating to capital funding, capital financing charges and HRA subsidy which are not deemed relevant when valuing such assets for accounting purposes. The result was an increase of £76.4m in the value of the social housing assets from £57.2m to £133.6m. The Authority has not been able to identify any significant changes being made to the assumptions within the model and are unable to provide a rationale for this increase.
19. An exercise is currently being performed to reassess the cash flows incorporated within the model to determine a value for which is appropriate for accounting purposes. We will update the audit committee on 17 September as to the outcome of this reassessment.
20. We understand that the Authority's valuers had not reviewed the suitability of the model for determining a valuation for accounting purposes prior to it being used for the draft financial statements. We have therefore recommended that the Authority ensures that it appropriately utilises its internal expertise in producing accounting estimates, particularly where there is a significant level of judgement involved.

Senior Officers' Pay

21. The Appointed Auditor issued a Public Interest Report on 6 March 2013 in respect of chief officer pay. The report concluded that the decision by the Senior Remuneration Committee (the Committee) on 5 September 2012 to approve the recommended pay structure set out in the Chief Executive's report to that Committee was unlawful. There were a number of matters that lead to this conclusion, which were set out in the report.
22. As a consequence, there is an amount included in expenditure in the 2012/13 accounts, which is considered by the Wales Audit Office to constitute unlawful expenditure. Subsequently the Council has undertaken an additional review of payments to senior officers during the year. As a result of this review, further payments were identified which were considered unlawful as these decisions were made by person's without appropriate authority to do so under the Council's constitution and Scheme of Delegation:

23. The Council has disclosed the nature of these payments in the accounts. The Appointed Auditor's audit opinion will be modified to draw attention to this disclosure, but is not qualified in this respect.

Other significant risks identified at the planning stage of the audit

24. In our Financial Audit Strategy, we set out information regarding the significant audit risks that were identified during the audit planning process. The table below sets out the outcome of our audit procedures in respect of those risks.

Financial systems risk	Audit outcome
<p>Risk of fraud in revenue and expenditure recognition</p> <p>There is a risk that the Council could adopt accounting policies or treat income and expenditure transactions in such a way as to lead to material misstatement in the reported revenue position.</p>	<p>We have understood and evaluated the controls in place to mitigate this risk and:</p> <ul style="list-style-type: none"> • evaluated key controls to confirm our understanding of the design of the control; • tested key reconciliations; • tested that the Council was entitled to include income recognised in respect of grants funding in its accounts; and • tested that transactions that occurred around year-end were appropriately classified within the financial year to which they related. This included testing for unrecorded liabilities and the appropriateness of accruals. <p>We have considered the accounting policies adopted by the Council and subjected income and expenditure to an appropriate level of testing. We have also considered the work we undertook in relation to the risk of management override of controls (see below).</p> <p>Our work in this area is being finalised.</p>
<p>Management override of controls</p> <p>In any organisation, management may be in a position to override the financial controls that you have in place. A breach of controls of this nature may result in a material misstatement.</p>	<ul style="list-style-type: none"> • We understood and evaluated internal control processes and procedures as part of our planning work. • We reviewed and tested the appropriateness of a sample of manual journals processed during the year. • We looked carefully at management estimations and considered if they were subject to bias. • Our audit procedures also included an unpredictable element that varies year on year. • As a result of our testing to date, we have identified matters as set out below in relation to: <ul style="list-style-type: none"> ○ Landfill provision; ○ Equal pay provision; ○ Accumulated absences provision;

Financial systems risk	Audit outcome
	<ul style="list-style-type: none">○ Prepayments (see below, and appendix 3).

25. We are in the course of finalising our work in these areas. We will update the Audit Committee at it's meeting.

Other matters arising from our work

Icelandic banks

26. Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Authority had £15.0 million invested in two of these institutions (Heritable and Landsbanki) with varying maturity dates and interest rates. As a result the Authority assessed the recoverability of these balances making reference to existing CIPFA guidance and impaired the value of these investments.
27. A CIPFA LAAP Bulletin was issued during 2012/13 and the Authority has revised the impairment level of these investments. The recovery rates relating to both Heritable and Landsbanki institutions are consistent with prior year.
28. A dividend was paid to the Authority by Heritable Bank after the reporting period. This resulted in a £0.6m reduction in the impairment balance as calculated in accordance with the CIPFA LAAP Bulletin. This has not been adjusted in the draft accounts.

St Ilans Comprehensive School Grant

29. Funding of up to £3m was awarded to the Authority by the Welsh Government in relation to the 21st Century Schools grant. The grant offer letter, dated 7 August 2013 and still in draft format, explains that the funding relates to 2012/13 however the funding has not been received to date.
30. Phase 1 of the development of St Ilans school has now been completed where expenditure incurred in 2012/13 was above the grant funding amount above.
31. Documentary evidence exists to support compliance with the pre-conditions noted within the draft grant agreement. In addition, a formal application for the grant was submitted by the Authority before the period end on 14 February 2013.
32. The Authority is required to complete draft elements of the claim, including detailed project description, targets and payment profile and return to the Welsh Government to review and sign.
33. The Authority is in the process of confirming that it is appropriate to recognise the £3m funding as income in the draft accounts with the amount receivable shown as a debtor.

Accumulated Absences

34. The Authority is required to make a provision in respect of the holiday which staff have accrued in the year but which they have not yet taken.
35. The Authority's approach to calculating holiday pay has been based on sampling a number of employees across a cross-section of departments to apply a percentage value to employees pay, NI and superannuation to estimate an accrued value for each employee for accrued absence.
36. We have reviewed the calculation of the percentages used to determine the amounts to accrue for the accumulated absences provision. We noted errors in the calculation of the percentages relating to teaching staff and all other staff. This has resulted in a decrease in the provision of £2.4m and management has agreed to adjust in the draft accounts.

Equal pay provision

37. The Authority has included a provision for equal pay costs in its accounts as in previous years We have reviewed the methodology adopted by the Council to estimate the level provision required to settle these liabilities. Given the level of uncertainty in relation to the settlement of these claims the we are satisfied that the provision in the accounts falls into an acceptable range.

Uncorrected misstatements

38. We set out below the misstatements we identified in the financial statements, which have been discussed with management but remain uncorrected, and request that these are corrected. If you decide not to correct these misstatements, we ask that you provide us with the reasons for non-correction.
39. The financial statements do not include a provision for the aftercare of the Trehir landfill site. The gross estimated cost of the aftercare is £3.4m. We understand from the Council that ongoing costs could reduce were the Council to install a reed bed as this would reduce leachate. There are no current plans to do this. However as this arises over the long term it is appropriate to discount the cash flows associated with these costs. It is estimated that after discounting, the current level of provision should be approximately £2.1m. This item would lead to a charge against general fund, which would be offset against the release of certain earmarked reserves totalling £1.1m were this adjustment to be made, giving a net charge to the general fund of £1.0m. In some instances it may be possible that such aftercare costs are able to be capitalised as part of the initial capital costs of landfill sites. However in the case of the Authority, it did not own the asset when it was initially constructed and so such treatment would not be appropriate here.
40. A number of fixed asset items totalling £361k were identified in prepayments which were purchased during the year with the intention to sell them and lease them back from a leasing company. The Authority has been unable to locate a supplier to fund

the assets which have been in use in the intervening period. Consequently these assets should be included in fixed assets rather than prepayments.

41. As noted above, there is an uncorrected misstatement in respect of the impairment of investments in Icelandic banks of £0.6m.
42. The net impact of the unadjusted items on the general fund would therefore be a decrease of £0.4m and other useable reserves would decrease by £1.4m.

Corrected misstatements

43. There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

44. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:
 - **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work.
 - **There were some significant matters discussed and corresponded upon with management which we need to report to you.** These are set out in more detail above.
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls that we have not reported to you already.** We report these where you are not already aware of them or where they may be symptomatic of broader weaknesses in the overall control environment. Insert details.
 - **There are other matters specifically required by auditing standards to be communicated to those charged with governance.** As described in paragraph 23 the Council has incurred unlawful expenditure during the year. This has been disclosed in note 16 to the accounts and our opinion is modified to draw attention to this disclosure.

Independence and objectivity

45. As part of the finalisation process, we are required to provide you with representations concerning our independence.
46. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office/PwC and Caerphilly County Borough Council that we consider to bear on our objectivity and independence.

Appendices

Draft Letter of Representation – to be finalised

(Audited body's letterhead)

Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

PricewaterhouseCoopers LLP
1 Kingsway
Cardiff
CF10 3PW

[Date]

Representations regarding the 2012/13 financial statements

This letter is provided in connection with your audit of the financial statements of Caerphilly County Borough Council for the year ended 31 March 2013 for the purpose of expressing an opinion on their truth and fairness.

We confirm that to the best of our] knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13; in particular the financial statements give a true and fair view in accordance therewith.

We acknowledge our responsibility for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

-
- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
 - the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
 - our knowledge of fraud or suspected fraud that we are aware of and that affects Caerphilly County Borough Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
 - our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
 - our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
 - the identity of all related parties and all the related party relationships and transactions of which we are aware;

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

Value of correction	Nature of correction	Reason for correction
£2,100k	Dr Income and expenditure Cr Provisions	Provision for maintenance of landfill site at Trehir
£361k	Dr Fixed assets Cr Prepayments	Assets included in prepayments
£604k	Dr Investments Cr Income and expenditure	Reduction in impairments on investments in Icelandic banks

The Authority is satisfied that the errors in the prior year have been correctly identified and quantified.

The Authority has no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

The Authority has satisfactory title to all assets and there are no liens or encumbrances on the authority's assets, except for those that are disclosed in the financial statements.

We confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. We confirm that we have used the appropriate assumptions with those reviews. The Authority's investments, including those in the Heritable Bank and Landsbanki Islands HF (Icelandic), have been reviewed for impairment and any such impairment is reflected in the financial statements accordingly, subject to the uncorrected misstatement noted above.

The Authority is satisfied that the depreciation charge in the accounts is not materially misstated as a result of its approach to componentisation.

Where we have assigned fair values to financial instruments, we confirm that the valuation techniques, the inputs to those techniques and assumptions that have been made are appropriate and reflect market conditions at the balance sheet date, and are in line with the business environment in which we operate.

The Authority has recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and has disclosed in the financial statements all guarantees that we have given to third parties, including oral guarantees made by the authority on behalf of an affiliate, member, officer or any other third party.

All retirement benefits that the authority is committed to providing, including any arrangements that are statutory, contractual or implicit in the authority's actions, wherever they arise, whether funded or unfunded, approved or unapproved, have been identified and properly accounted for and/or disclosed.

Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments (in particular in relation to redundancy plans) and contingencies where the items are expected to result in significant loss. Other such items, where in my opinion provision is unnecessary, have been appropriately disclosed in the financial statements.

We confirm that, to the best of our knowledge and belief, in accordance with the requirements of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), the Authority's financial statements include a reasonable estimate of the outstanding potential liabilities arising from the collective equal pay claims brought against the Authority.

The equal pay provision in the financial statements has been prepared in line with legal advice available regarding pension contributions on equal pay settlements. Contributions have not been provided for in accordance with the legal advice obtained by the Welsh Local Government Association on behalf of the Local Authorities in Wales, because of the level of uncertainty regarding whether there is a legal obligation to make these payments.

Representations by insert name of those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Caerphilly County Borough Council on [insert date].

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

DRAFT - Proposed audit report of the Appointed Auditor to the Members of Caerphilly County Borough Council

Independent auditor's report to the Members of Caerphilly County Borough Council

I have audited the accounting statements and related notes of Caerphilly County Borough Council for the year ended 31 March 2013 under the Public Audit (Wales) Act 2004.

Caerphilly County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Caerphilly County Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Caerphilly County Borough Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Caerphilly County Borough Council as at 31 March 2013 and of its income and expenditure for the year then ended; and

-
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012-13.

We draw attention to the matters disclosed in note 16 to the accounts in relation to (i) remuneration paid to senior managers of £X, which was in breach of applicable regulations; and (ii) payments made to senior officers of £X and £X to buy-out allowances for Essential Car Users and Additional Annual Leave which were authorised by [the chief executive/officers] without lawful authority to do so. Each of these transactions is considered to be [potentially] unlawful. Our opinion is not qualified in respect of these matters.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

The certificate that the audit of the accounts has been completed in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice issued by the Auditor General for Wales cannot be issued for the following reasons:

- The police investigation in respect of the decision of the senior remuneration panel in September 2012 has not yet been completed. The Appointed Auditor will consider the outcome of this investigation when complete to determine whether any further audit action should be taken in respect of this matter.
- The audit of the financial statements has identified further payments to senior officers in the form of the buyout of Essential Car User and Additional Annual Leave allowances which are considered to be potentially unlawful. The Appointed Auditor is currently considering whether to issue a public interest report under Section 22 in respect of these payments.

Anthony Barrett
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ
Date

Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Value of correction	Nature of correction	Reason for correction
TBC	Council Dwellings	Refer to paragraph 18
£278k	Heritage assets	Refer to paragraph 17
£2,400k	Accumulated absences	Refer to paragraph 36
£897k	Leisure centre valuations	Refer to paragraph 14
Various classification disclosure amendments to the accounts as part of the audit.		

These adjustments have no impact on the general fund.



WALES AUDIT OFFICE

SWYDDFA ARCHWILIO CYMRU

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Tel: 029 2032 0500

Ffôn: 029 2032 0500

Fax: 029 2032 0600

Ffacs: 029 2032 0600

Textphone: 029 2032 0660

Ffôn Testun: 029 2032 0660

E-mail: info@wao.gov.uk

E-bost: info@wao.gov.uk

Website: www.wao.gov.uk

Gwefan: www.wao.gov.uk