



## **SPECIAL MEETING OF COUNCIL – 29TH SEPTEMBER 2015**

**SUBJECT: FINANCIAL ACCOUNTS 2014/15**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & SECTION 151 OFFICER**

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### **1. PURPOSE OF REPORT**

1.1 To present Council with the 2014/15 Statement of Accounts.

### **2. SUMMARY**

2.1 The report presents Council with the 2014/15 Statement of Accounts and details of uncorrected misstatements as reported by the Council's External Auditor (PricewaterhouseCoopers (PwC)) in their ISA 260 Report to the Audit Committee on the 9<sup>th</sup> September 2015. The report also provides details of a further uncorrected misstatement arising from subsequent ongoing audit work.

### **3. LINKS TO STRATEGY**

3.1 The Statement of Accounts deals with resources available to the Authority that influence the delivery of policies and strategies.

### **4. THE REPORT**

4.1 The 2014/15 Statement of Accounts is appended to this report and reflects agreed changes arising from the work undertaken by the Council's External Auditor, PwC. The Statement of Accounts is final subject to completion of the audit. Any further matters arising from the remaining audit work will be verbally reported to Council at the meeting on the 29th September 2015.

4.2 Members are advised that the Acting Director of Corporate Services & Section 151 Officer has discussed the uncorrected misstatements highlighted in PwC's ISA 260 Report with the Auditors and is recommending that they are not adjusted in the 2014/15 Statement of Accounts. There are five items referred to in the PwC Report to Audit Committee (9th September 2015, pages 7 and 8) in respect of uncorrected misstatements as follows: -

- A misstatement relating 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 an earmarked reserve of £0.6m for one-off capital or unforeseen expenditure. Hence, the Authority's provision for both revenue and one-off costs is considered adequate to meet future and ongoing requirements. The Acting Director of Corporate Services & Section 151 Officer is recommending that there is no need to set aside a further amount of £1.04m from General Fund balances. This approach is consistent with that taken in last year's Statement of Accounts.

- The Authority's share of the assets and liabilities and the financial results in its joint operations (including for example joint committees) has not been recognised within the Authority's own Balance Sheet and Income and Expenditure Statement. The Authority's share of the joint committees' aggregate assets and liabilities is a net asset of £973k and the impact of including the share of assets and liabilities would be to increase usable reserves by £618k. However, as many of these arrangements are ongoing the Authority does not have access to these reserves in the short-term. The Acting Director of Corporate Services & Section 151 officer does not consider this to be a material adjustment.
- Minor works assets, with a value of £479k, which do not meet the Authority's criteria for capitalisation are included in property, plant and equipment in the Balance Sheet. These should be included as expenditure items in the Income and Expenditure account. This adjustment, if made, would not impact on the Authority's usable reserves. Given that the net book value of the fixed assets held by the Authority exceeds £1.1billion, the Acting Director of Corporate Services & Section 151 officer does not consider this adjustment to be necessary on the grounds of materiality. However, the position will be corrected for the 2015/16 financial year.
- The Auditor also identified a further misstatement in the treatment by the Authority of certain valuation movements in year which would result in a net adjustment to the Income and Expenditure account (reducing the surplus) of £271k. Furthermore, an error in the calculation of the value of land owned by the Authority has meant that property values in the Balance Sheet are understated by £176k. Neither of these misstatements would impact on the Authority's usable reserves and the Acting Director of Corporate Services and Section 151 Officer does not consider these adjustments to be necessary on the grounds of materiality.

4.3 A further misstatement of £162k was identified after the issue of the ISA 260 report in relation to the treatment of non-enhancing capital expenditure included within the Authority's fixed assets in the Balance Sheet. This adjustment is not considered material to the 2014/15 accounts but will be corrected in the 2015/16 financial year.

## **5. EQUALITIES IMPLICATIONS**

5.1 There are no equalities implications arising from this report.

## **6. FINANCIAL IMPLICATIONS**

6.1 As identified throughout the report.

## **7. PERSONNEL IMPLICATIONS**

7.1 There are no direct personnel implications arising from this report.

## **8. CONSULTATIONS**

8.1 There are no consultation responses that have not been reflected in this report.

## **9. RECOMMENDATIONS**

9.1 Council is requested to: -

- (1) Note and agree the recommendations made by the Acting Director of Corporate Services & Section 151 Officer in relation to the uncorrected misstatements detailed in paragraphs 4.2 and 4.3 above.
- (2) Approve the final audited 2014/15 Statement of Accounts.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To ensure that the 2014/15 Statement of Accounts is agreed by the Authority to comply with the deadline for signing by the Wales Audit Office (WAO) of the 30<sup>th</sup> September 2015.

## **11. STATUTORY POWER**

- 11.1 Accounts and Audit (Wales) Regulations 2014.

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Cllr Barbara Jones, Deputy Leader and Cabinet Member for Corporate Services

Background Papers:  
Working Papers for Financial Accounts 2014/15

Appendices:  
Appendix 1 Statement of Accounts 2014/15