



## SPECIAL MEETING OF COUNCIL – 29TH SEPTEMBER 2014

**SUBJECT: FINANCIAL ACCOUNTS 2013/14**

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

### 1. PURPOSE OF REPORT

- 1.1 To present the latest version of the 2013/14 Statement of Accounts and advise Members of outstanding issues that will require further adjustments to the accounts.

### 2. SUMMARY

- 2.1 The report presents details of the latest version of the 2013/14 Statement of Accounts, issues that need to be resolved to conclude the audit of the 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 10th September 2014.

### 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 latest version of the 2013/14 Statement of Accounts is appended to this report and reflects agreed changes arising from the work undertaken to date by the Council's External Auditor, PwC.
- 4.2 There are still outstanding issues and adjustments required before a final version of the Statement of Accounts can be presented to Members for approval. These issues relate to the valuation of fixed assets. Members are advised that these issues are merely accounting entries to ensure that fair values of the assets are reflected in the accounts and they have no impact on cash balances or the financial standing of the Authority.
- 4.3 Work is continuing to conclude the adjustments required and Members will be provided with a printed version of the final audited 2013/14 Statement of Accounts at Council on the 29th September 2014. Members will also be provided with a summary of the changes that have been made to the Statement as a consequence of finalising the fixed asset valuations.
- 4.4 Members are advised that the Acting Director of Corporate Services & Section 151 Officer is recommending that the uncorrected misstatements highlighted in PwC's ISA 260 Report are not adjusted in the 2013/14 Statement of Accounts. There are four items referred to in the PwC Report to Audit Committee (10th September 2014, page 8) 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 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 £1.4m from the General Fund balances. This is a consistent approach to the treatment of this earmarked reserve 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 £1.1m and the impact of including the share of assets and liabilities would be to increase usable reserves by £0.6m. 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.
- The Authority did not adjust its property valuations for all indexation movements in the year. The unadjusted items related to small adjustments affecting a great number of assets. The total value that was unadjusted was £1.4m. Given that the net book value of the fixed assets held by the Authority exceeds £900m, the Acting Director of Corporate Services & Section 151 Officer does not consider this adjustment to be necessary on the grounds of materiality. Furthermore, this adjustment is merely an accounting entry that would have no impact on cash balances or the financial standing of the Authority.
- The auditors identified a small judgmental difference of £0.4m in the level of the provision for non-payment of sundry debtors (i.e. the bad debt provision). Again, on the grounds of materiality the Acting Director of Corporate Services & Section 151 does not consider this adjustment to be necessary.

## **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 are requested to:-

- (1) Agree the arrangements set out in this report to approve the final audited 2013/14 Statement of Accounts.
- (2) Note and agree the recommendations made by the Acting Director of Corporate Services & Section 151 Officer in relation to the uncorrected misstatements detailed in Paragraph 4.4 above.
- (3) Agree the final audited 2013/14 Statement of Accounts, which will be tabled at the Council meeting on the 29th September 2014.

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

10.1 To ensure that the 2013/14 Statement of Accounts is agreed by the Authority to comply with the deadline for signing by the Wales Audit Office (WAO) of the 30th September 2014.

## **11. STATUTORY POWER**

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

Author: Stephen Harris, Interim Head of Corporate Finance, Tel: 01443 863022  
Email: harrisr@caerphilly.gov.uk

Consultees: Chris Burns, Interim Chief Executive  
Nicole Scammell, Acting Director of Corporate Services & S151 Officer  
Gail Williams, Interim Head of Legal Services & Monitoring Officer  
Andrew Southcombe, Finance Manager (Corporate Finance)  
Cllr Barbara Jones, Deputy Leader and Cabinet Member for Corporate Services

Background Papers:  
Working Papers for Financial Accounts 2013/14

Appendices:  
Appendix 1 Draft Statement of Accounts 2013/14