



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Audit 2008-09

September 2009

Authors: Kevin Thomas and Amanda Hughes

Ref: 5902009

# Audit of Accounting Statements – Report to Those Charged with Governance

## **Gwynedd Council**

This document is a draft version pending further discussions with the audited and inspected body. Information may not yet have been fully verified and should not be widely distributed.

It is my intention as Appointed Auditor to issue an unqualified Auditor's Report on the accounting statements and related notes.

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## **Status of this report**

This document has been prepared for the internal use of Gwynedd Council as part of work performed in accordance with statutory functions, the Code of Audit and Inspection 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](mailto:infoofficer@wao.gov.uk).

## Summary

1. Gwynedd Council (the Council) is responsible for the preparation of accounting statements and related notes that present fairly its financial position as at 31 March 2009 and its income and expenditure for the year then ended. I am required to give my opinion on the fairness of the statements.
2. The Council submitted a Statement of Accounts to me in June and I have now substantially completed the audit of the accounting statements and related notes. I do not seek to obtain absolute assurance that the accounting statements and related notes present fairly the financial position of the Council, or assurance that they are accurate in every regard, but instead adopt a concept of materiality. In planning and conducting the audit of the accounts, I seek to identify material errors in the accounting statements and related notes ie, those which might be misleading to a reader.
3. The levels at which I judge such errors to be material for the Council are £3.353 million for income and expenditure items and balance sheet items relating to working capital, and £5.407 million for other balance sheet items. Whether an item is judged to be material is not only affected by quantitative issues but can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
4. Now that the audit is substantially complete, this report details the key matters arising from it. These matters must be communicated to those charged with governance, in accordance with International Standard on Auditing (ISA) 260, prior to giving an opinion on the accounting statements and related notes. More detailed matters arising and recommendations will be agreed with officers.
5. ISA 260 requires auditors to report to those charged with governance the following matters before they give an opinion on the accounting statements and related notes:
  - relationships that may bear on the auditor's independence;
  - audit planning information; and
  - findings from the audit, including the auditor's views on the qualitative aspects of the entity's accounting and reporting.
6. The first two matters were reported to you in the Regulatory Plan. This report has been prepared to discharge my responsibilities with regard to the third point. My findings are:
  - I have concerns about the qualitative aspects of some of your accounting practices and financial reporting;
  - you are requested make correction for the identified but uncorrected misstatement;
  - I do not expect to modify the standard auditor's report;
  - I did not identify any material weaknesses in your internal controls;

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- there are no other matters that I am required by other ISAs to report to you;  
and
  - there is one matter of governance interest to report.
7. It is my intention to issue an unmodified auditor's report on the accounting statements and related notes once the Council has provided me with the Letter of Representation as set out in Appendix 1.

### **I have concerns about the qualitative aspects of some of your accounting practices and financial reporting**

8. In the course of the audit I consider qualitative aspects of the financial reporting process. I evaluate the information provided by the accounting statements and related notes to determine if it is relevant, reliable, comparable, material and easy to understand.
9. I wish to draw the following matters to the attention of the Committee:
  - FRS12 (Financial Reporting Standard 12 - Provisions, Contingent Liabilities and Contingent Assets) requires that a provision should be recognised when an entity has a present obligation as a result of a past event and where it is probable that a transfer of economic benefit will be required to settle the obligation. The Council has an obligation in relation to the capping and aftercare costs of the Cilgwyn waste disposal site. The cost of capping the site is estimated by the Council to be £3.121 million. As at 31 March, the Council had spent £456,000 on work required to cap the site, leaving a balance of £2.665 million. Following the audit of the 2007-08 financial statements, the Council set aside £746,000 as a partial provision for these costs. In order to comply with FRS12, the Council should have built up the provision to the full amount in order to properly recognise the liability in the 2008-09 financial statements. The Council has not done so but has set aside resource in its 2008-09 and 2009-10 capital budget (£1.484 million) and asset management plan commitments (£1.181 million).
  - As I have reported previously, the Council should conduct a housekeeping exercise to address the following matters:
    - debtor (£820,000) and creditor (£478,000) balances relating to the former authorities which are now over 13 years old;
    - various suspense and grant personal account balances;
    - provisions set aside for claims against former authorities (£481,000); and
    - debtor balances which have been identified as non recoverable.

There has been no movement on many of the balances highlighted above for a number of years. Despite my raising these issues over a number of years, the Council has done little to address them, and they now require urgent attention.

- The Council's progress on the implementation of its fixed asset register has been slower than timetabled. Whilst it is recognised that there have been issues with the software and the support from the supplier, I am concerned that as a result, the control environment relating to fixed assets remains weak in comparison with other systems and accounts areas.

- The Buildings (Local Authority Charges) Regulations 1998 require the Council to maintain a Building Control Account. Over a three year period, the income on this account should not be less than the costs directly or indirectly incurred. The Council has failed to meet this requirement for the last three years and unless the account makes a surplus of some £19,000 in 2009-10, it will fail to do so again in 2009-10.

## You are requested to make correction for the identified but uncorrected misstatement

10. I report to you all uncorrected misstatements other than those of a clearly trivial nature (trivial is defined as entirely inconsequential, whether taken individually or in aggregate, either quantitatively and/or qualitatively). On the basis of my standard methodology, the financial limit for what I consider trivial has been calculated at £100,000.
11. You are requested to make correction for the following misstatement that management has declined to correct.

Nature of proposed correction	Reason for correction
Provide an additional £1.919 million to fund the costs arising from a past obligation in relation to the capping and aftercare costs at the Cilgwyn waste disposal site.	The Council, in being prudent, should have built up a provision to fund its liability to cap the Cilgwyn site. This would have provided the funding to cover the costs. In addition it would comply with the requirements of FRS12.

12. If you are not willing to correct this misstatement, you are requested to write to me outlining the reasons for not making this correction.

## I do not expect to modify the standard auditor's report

13. I report any proposed modifications to the standard auditor's report (Appendix 3) to ensure that you are aware of the reasons for the modifications and have the opportunity to provide any further information and explanations in respect of the matter(s) giving rise to the modification. The report comments on whether:
  - the accounting statements and related notes present fairly the financial position of the Council as at 31 March 2009 and its income and expenditure for the year then ended; and
  - the Annual Governance Statement is compliant with applicable guidance and consistent with my knowledge and understanding of the Council's arrangements.
14. On the basis of my audit work, no matters have been identified that would require any modification to the audit opinion.

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## **I did not identify any material weaknesses in your internal controls**

15. A material weakness in internal control is defined by ISA 260 as ‘a deficiency in design or operation which could adversely affect the entity’s ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements’.
16. I do not, however, normally report information to you concerning a material weakness you know about and have taken appropriate action to correct, unless the weakness is symptomatic of broader weaknesses in the overall control environment and there is a risk that other material weaknesses may occur.
17. You should be aware that I do not provide a comprehensive statement of all weaknesses that may exist in the internal controls, or of all improvements that may be made, but have addressed only those matters that have come to my attention as a result of the audit procedures performed.
18. I did not identify any material weaknesses in your internal controls.

## **There are no other matters which I am required by other ISAs to report to you**

19. Other auditing standards require me to communicate with you in other specific circumstances including where:
  - I suspect or detect fraud, even if the potential effect is not material to my audit of the accounting statements and related notes, unless I am prohibited from doing so under money laundering regulations; and
  - the Council’s accounting statements and related notes and other information in the Statement of Accounts are inconsistent.
20. There are no other matters which I am required by other ISAs to report to you.

## **There is one matter of governance interest to report**

21. I am also required to report to you any other significant audit matters of governance interest to allow you to take appropriate action.
22. As Members will be aware there is an on-going issue concerning investments held by the Authority in 4 Icelandic banks that collapsed in October 2008. As a consequence, it was necessary for the Authority to consider the extent to which these events have impaired the value of these deposits for its 2008/09 accounts.
23. CIPFA issued guidance earlier in the year outlining the expected position in terms of recovery and this guidance has been applied by all public sector bodies affected by the banks’ collapse and the Authority’s draft statement of accounts correctly reflected this impairment adjustment.
24. CIPFA issued revised guidance early in September outlining the latest updated position in terms of likely recovery. The Council has reviewed this updated information and has calculated that the impact of the change would be a reduction of £35,000 impairment in the value of deposits (of which £5,000 relates to the



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Pension Fund). As this amount is not material and may be subject to change no further amendment has been made to the statement of accounts.

## Appendix 1

## Final Letter of Representation

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

28 September 2009

Dear Mr Barrett,

### **2008/2009 STATEMENT OF ACCOUNTS OF GWYNEDD COUNCIL**

This letter is provided in connection with the audit of the accounting statements and related notes of Gwynedd Council (the Council) for the year ended 31 March 2009 for the purpose of expressing an opinion as to whether they present fairly, in all material respects, the financial position of the Council as at 31 March 2009 and of the result of its operations and its cash flows for the year then ended in accordance with the Accounts and Audit (Wales) Regulations 2005 and the Code of Practice on Local Council Accounting in the United Kingdom - a Statement of Recommended Practice 2008 (the SORP).

### **Overall representations**

All the transactions undertaken by the Council have been properly reflected and recorded in the accounting records.

There are no pooled budget projects arising from any partnership agreements entered into under section 31 of the Health Act 1999, associates, joint ventures or joint arrangements other than those disclosed in the accounting statements and associated notes.

The Council has complied with all conditions imposed by relevant grant paying organisations and can reasonably expect to receive the amounts of grant included within the accounts.

The Council has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the accounting statements and related notes.

The accounting statements and related notes are free of material misstatements, including omissions.

All books of account and supporting documentation and all minutes of meetings of the Council have been made available to you.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the accounting statements and related notes.

The measurement methods, including the related assumptions, used in determining fair values are appropriate and have been applied consistently. Disclosures relating to fair values are complete and appropriate.

The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the accounting statements taken as a whole.

## **Assets**

### **General**

All assets included in the balance sheet were in existence at the balance sheet date and owned by the Council, and free from any lien, encumbrance or charge, except as disclosed in the accounts. The balance sheet includes all tangible assets owned by the Council.

### **Fixed assets**

All assets over the de minimis level are capitalised. They are revalued every five years via a rolling programme. Also, this year, asset values have been reviewed for impairment in light of the current economic climate and are reflected in the financial statements accordingly. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Council's operations.

### **Investments**

All investments included in the balance sheet were in existence at the balance sheet date and owned by the Council, and free from any lien, encumbrance or charge, except as disclosed in the accounts. The balance sheet includes all investments owned by the Council. The Council's investments, including those in the Heritable Bank (Icelandic), have been reviewed for impairment and any such impairment is reflected in the financial statements accordingly.

### **Current assets**

On realisation in the ordinary course of the Council's operations, the other current assets in the balance sheet are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to the Council which are known, or may be expected, to be irrecoverable.

There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

## **Liabilities**

### **General**

All liabilities, both actual and contingent, have been recorded and disclosed as appropriate as well as all guarantees that we have given to third parties.

There is no pending litigation which may result in significant loss to the Council, and which have not been disclosed in the accounting statements and related notes, either as current or contingent liabilities.

All obligations under finance leases or hire purchase contracts have been disclosed in the accounts.

All unfunded benefits have been considered in the compilation of the FRS 17 figures included in the accounting statements and related notes.

**Cilgwyn – FRS 12**

The auditor considers that compliance with FRS 12 in relation to the Cilgwyn waste disposal site has not been met, and that this has therefore resulted in a “misstatement” and for which I am required to explain.

The Cilgwyn site, which was previously operated by Cwmni Gwastraff Môn Arfon, ceased activities in December 2008 and necessitated capping and restoration work.

Gwynedd Council has included budgetary resources in their capital expenditure programme to finance the work as follows:

2006/07 - £100,000

2007/08 - £450,000

2008/09 - £610,000

2009/10 - £500,000

With a further £1,181,000 identified within the Authority’s draft asset management plan, this makes a total of £2,841,000. This work is scheduled to be completed by 2010/11.

Work on the final capping is not scheduled until 2025/26 at a cost, currently estimated to be £985,000. The Council has set aside a provision of £746,000 towards the further work required at the Cilgwyn site, and considers this to be a reasonable position at this particular stage.

**Results**

Except as disclosed in the accounting statements and related notes, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Council, or circumstances of an exceptional or non-recurring nature.

**Internal control**

I acknowledge my responsibility for the design and implementation of internal control to prevent and detect error. There have been no:

- irregularities involving management who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; and
- communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

**Post balance sheet events**

Except as disclosed in the accounting statements and related notes, there have been no material changes since the date of the balance sheet affecting liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounting statements and related notes, are of such importance that they should have been brought to the notice of the auditor.

**Representations by those charged with governance**

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

We acknowledge our responsibility for the fair presentation of the accounting statements and related notes in accordance with the applicable financial reporting framework.

We acknowledge our collective responsibility for the preparation of the Statement of Accounts, which has been approved by Gwynedd Council's Audit Committee on 28/09/2009.

We have disclosed to you all known or possible non-compliance with laws and regulations whose effects should have been considered when preparing the accounting statements and related notes.

There are no other material transactions with related parties (as defined by FRS 8 and the SORP), other than those recorded and disclosed in the accounting statements and related notes.

We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's accounting statements and related notes communicated to the Council by employees, former employees, regulators or others.

We have disclosed to you our knowledge of fraud or suspected fraud affecting the Council involving:

- those charged with governance;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the accounting statements and related notes.

We confirm, to the best of our knowledge and belief, that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours sincerely,

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**DAFYDD L EDWARDS**  
**HEAD OF FINANCE**

**COUNCILLOR GWILYM WILLIAMS**  
**AUDIT COMMITTEE CHAIRMAN**

Date .....

Date .....

## Appendix 2

## Summary of corrections to draft financial statements

Nature of correction	Reason for correction
<p><b>Income and Expenditure Account</b> Comparative figures: Decrease Corporate and Democratic Core £165,000 Increase Housing Revenue Account £165,000</p>	<p>To correctly consolidate the Housing Revenue Account into the main Income and Expenditure Account</p>
<p><b>Income and Expenditure Account</b> Increase Environmental and Regulatory Services £348,000 <b>Note 19 – Fixed Assets</b> Increase Impairment on Land and Buildings £348,000 Corresponding adjustments were made to the Statement of the Movement on the Council Fund Balance, Balance Sheet, Cash Flow statement and Notes to the Core Financial Statements</p>	<p>To recognise the impairment of capital expenditure on moving waste from Gloddfa Glai to Faengoch</p>
<p><b>Statement of Total Recognised Gains and Losses</b> Decrease deficit arising from the revaluation of available for sale financial assets £1.203 million Increase realisation of previous unrealised gain £1.203 million</p>	<p>To correctly disclose the realisation of a previously unrealised gain.</p>
<p><b>Balance Sheet</b> Increase Cash £9.695 million Decrease Short Term Investments £9.695 million Corresponding adjustments were made to the Cash Flow Statement and Notes to the Core Financial Statements</p>	<p>To correctly disclose cash on deposits repayable on demand as cash</p>

Nature of correction	Reason for correction
<p><b>Balance Sheet</b></p> <p>Footnote added to explain the joint banking arrangements between the Council and the Pension Fund.</p> <p>Additional narrative also added to Note 23 Investments</p>	<p>To reflect the 'substance over form' of the underlying banking arrangements operated by the Council. The Council's banking arrangements pool together funds held in the Council's and the Pension Fund's bank accounts, which allows more advantageous short term deposits to be made when funds are available. On the 31 March 2009, the Council's bank overdraft was £25.428 million and the Council was holding short term investments of £63.647 million. The draft accounts reported these balances. However, on 31 March the Pension Fund bank account was in credit by £23.616 million and it was partly as a result of these monies that the Council was holding the £63.647 million of short term investments. Therefore, the substance of the situation is that £23.616 million of the Council's investments are actually investments held on behalf of the Pension Fund.</p>
<p><b>Cash Flow Statement</b></p> <p>Increase Sale of Fixed Assets by £49,000 to £3.640 million</p>	<p>To correctly reflect the proceeds from the sale of fixed assets in the cash flow statement</p>
<p><b>Note 1 Prior Year Adjustments</b></p> <p>Narrative added to explain the adjustments.</p> <p>In addition footnotes were added to the relevant notes to explain that the comparative figures had been adjusted</p>	<p>To explain the nature of prior year adjustments</p>
<p><b>Note 10 – Transactions with Related Party</b></p> <p>Increase Chief Officer interests from £173,490 to £794,465</p>	<p>To correctly disclose the full value of transactions with related parties</p>
<p><b>Note 11 – Trading units</b></p> <p>2007/2008 comparative figures added</p>	<p>To provide comparative figures</p>
<p><b>Note 18 – Audit Fees</b></p> <p>Decrease Standard Audit Fee £5,275 to £255,670</p> <p>Increase Statutory Inspection Fees £3,274 to £83,300</p>	<p>To reflect the audit fees as per the 2008-09 Regulatory Plan</p>
<p><b>Note 19 – Fixed Assets</b></p> <p>Increase Impairment Council Dwellings £11.701 million</p> <p>Decrease Revaluation council Dwellings £11.701 million</p>	<p>To correctly reflect the split between impairment and revaluation relating to fixed assets</p>
<p><b>Note 19 – Fixed Assets</b></p> <p>Decrease Infrastructure £107,000</p> <p>Increase Assets under Construction £107,000</p>	<p>To categorise spend to date on the capping at a waste disposal site as assets under construction until the capital project is complete</p>
<p><b>Note 19 – Fixed Assets</b></p> <p>Footnote added to disclose expenditure on Church Schools</p>	<p>To comply with disclosure requirements</p>

Nature of correction	Reason for correction
<p><b>Note 22 – Financial Instruments</b> 2007/08 comparative figures for Debtors and Creditors changed to reflect the prior period adjustment</p>	<p>To ensure that the note on Financial Instruments agrees to the Balance Sheet</p>
<p><b>Note 23 – Investments</b> Increase Long Term Investments £2.270 million Decrease Short Term Investments £2.270 million Corresponding adjustments were made to the Balance Sheet, Cash Flow Statement and Notes to the Core Financial Statements</p>	<p>To recognise that part of the recovery of the Heritable Bank investment is falling due after more than one year</p>
<p><b>Note 23 – Investments</b> Narrative added to explain where the cost of impairment has been charged in the Income and Expenditure Account</p>	<p>To provide clear explanation as to where the cost of impairment has been recognised in the Income and Expenditure Account</p>
<p><b>Note 24 – Cash in Hand and Bank Overdraft</b> New note added</p>	<p>To analyse the cash and bank balances of the Council</p>
<p><b>Note 25 - Debtors</b> Increase Debtors falling Due after one year £1.321 million Decrease Debtors due within one year £1.321 million Corresponding adjustments were made to the Balance Sheet, Cash Flow Statement and Notes to the Core Financial Statements</p>	<p>To correctly reflect the age of a debtor relating to the Housing Stock Transfer</p>
<p><b>Note 25 – Debtors</b> Decrease Government Departments £9.047 million <b>Note 26 – Creditors</b> Decrease Government Departments £9.047 million Corresponding adjustments were made to the Balance Sheet, Cash Flow Statement and Notes to the Core Financial Statements</p>	<p>To net out overstated debtor and creditor balances relating to the Trunk Road Agency</p>
<p><b>Note 26 – Creditors</b> Increase April and May payments for goods received or work done before 31 March 2009 £11.513 million Decrease Other Miscellaneous Creditors £11.513 million</p>	<p>To correct a misclassification of a creditor balance</p>



Nature of correction	Reason for correction
<p><b>Note 26 – Creditors</b> Decrease Government Departments £490,000</p> <p><b>Note 27 – Capital Grants Unapplied (new note)</b> Increase Capital Grants Unapplied £490,000</p> <p>Corresponding adjustments were made to the Balance Sheet, Cash Flow Statement and Notes to the Core Financial Statements</p>	To correctly classify capital grants received but not yet applied separately.
<p><b>Note 28 – Loans</b> Increase Fair Value of Barclays Bank Loan – LOBO - £1.059 million</p>	To correctly disclose the fair value of the loan
<p><b>Housing Revenue Account Note 8</b> Footnote added to provide additional disclosure re pensions and past service cost added</p>	To comply with disclosure requirements
Various amendments to wording and cross references to notes	To correct for minor wording errors and ensure cross referencing is correct

## Appendix 3

## Independent auditor's report to the Members of Gwynedd Council

I have audited the accounting statements and related notes of:

- Gwynedd Council; and
- Gwynedd Pension Fund

for the year ended 31 March 2009 under the Public Audit (Wales) Act 2004. Gwynedd Council's accounting statements comprise the Income and Expenditure Account, Statement of Movement on Council Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, Housing Revenue Account Income and Expenditure Account and Statement of Movement on Housing Revenue Account Balance. Gwynedd Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Gwynedd Council in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose, as set out in paragraph 46 of the *Statement of the responsibilities of the auditors appointed by the Auditor General for Wales and his inspectors, and of the bodies that they audit and inspect (2008)* prepared by the Auditor General for Wales.

### Respective responsibilities of the responsible financial officer and the independent auditor

The responsible financial officer's responsibilities for preparing the statement of accounts, including the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice:

- the financial position of the local government body and its income and expenditure for the year; and

- the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

I review whether the Governance Statement reflects compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider, nor have I considered, whether the Governance Statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and related notes and consider whether it is consistent with the audited accounting statements and related notes. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements and related notes. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the Public Audit (Wales) Act 2004, the Code of Audit and Inspection Practice issued by the Auditor General for Wales, and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the local government body in the preparation of the accounting statements and of whether the accounting policies are appropriate to the local government body's and pension fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

### **Opinion on the accounting statements of Gwynedd Council**

In my opinion the accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice, the financial position of Gwynedd Council as at 31 March 2009 and its income and expenditure for the year then ended.

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### **Opinion on the accounting statements of Gwynedd Pension Fund**

In my opinion the pension fund accounts and related notes present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – a Statement of Recommended Practice, the financial transactions of Gwynedd Pension Fund during the year ended 31 March 2009 and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

### **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

My conclusion on Gwynedd Council's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009 will be reported separately in the published Relationship Manager's Annual Letter.

### **Certificate of completion**

I certify that I have completed the audit of the accounts of Gwynedd Council 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.

The audit cannot be formally concluded and an audit certificate issued until enquiries arising from a matter raised by a member of the public has been formally completed. I am satisfied that the amount, which is the subject of the enquiries, will not have a material effect on the statement of accounts.

**Appointed Auditor:** Anthony Barrett  
**Address:** Wales Audit Office  
Unit 4, Evolution  
Lakeside Business Village  
St David's Park  
Ewloe  
CH5 3XP

**Date:** 29 September 2009





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