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Councillor Dyfed Edwards
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Date 28 November 2014

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Dear Dyfed and Dilwyn

Annual Audit Letter – Gwynedd Council 2013-14

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. **On 30 September 2014, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions.** My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements reports on 25 September 2014.

My reports concluded that the Statement of Account were generally prepared to a good standard. I did identify that the Council could do further work to improve its accounting practices in relation to the maintenance of its non current asset register. In addition there was one material weakness in your internal controls which was relevant to the Council both directly and in its role as the administering authority for the Gwynedd Pension Fund. Membership data provided by some employers, for use in the pension fund systems, was not up to date and this could have a significant effect on both the triennial valuation and the annual IAS19 valuations provided by the actuary.

Since I referred to this in my 2012-13 annual audit letter, the Council had not progressed this issue as well as they had hoped and the quality of the membership data for some Employer Bodies remained an issue for 2013-14, albeit it did not impact on my opinion on the financial statements. Since then the Council has employed temporary resources to address the issue and is making good progress in reconciling membership data.

The Council is required to provide Whole of Government Accounts (WGA) under the HM Treasury's *Whole of Government Accounts (Designation of Bodies) Order*. The Council submitted its WGA return by the due date. We reviewed the return and identified no issues that we wish to draw to your attention.

It is also worth noting the Council lead on the preparation of the accounts for three Joint Committees (GwE, Special Educational Needs and the Joint Planning Policy Joint committee). On 30 September I issued unqualified opinions on the accounts confirming that they present a true and fair view of the respective Joint Committee's financial position and transactions. The key matters arising from the accounts audit were reported to the members of the respective Committees in my Audit of Financial Statements reports. I do not need to bring anything to your attention in this letter.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

I issued a certificate confirming that the audit of the accounts (for Gwynedd Council and Gwynedd Pension Fund) has been completed on 30 September 2013. I also issued a completion certificate for the Joint Committees on the same date.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2014-15 accounts or key financial systems

A more detailed report on my grant certification work will follow in Spring 2015 once this year's programme of certification work is complete.

The financial audit fee for 2013-14 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely



Derwyn Owen
For and on behalf of the Appointed Auditor