

**CYNGOR SIR POWYS COUNTY COUNCIL**

**AUDIT COMMITTEE**

17<sup>th</sup> October 2014

**REPORT AUTHOR:** County Councillor Dai Davies  
Portfolio Holder for Finance

**SUBJECT:** Closure and Audit of Accounts

---

**REPORT FOR:** Information

---

1. **Background**

- 1.1 Committee will be aware that the Statement of Accounts for 2013/14 has been approved and will also recall that an unqualified report by the Wales Audit Office was presented to Audit Committee on 26<sup>th</sup> September 2014.
- 1.2 Whilst an unqualified opinion was received from the Wales Audit Office, a number of issues were identified during the course of the audit and were referenced in the report.
- 1.3 This report summarises the key areas of concern expressed in the Wales Audit Office report and the Council's proposed approach to addressing these concerns.

2. **Summary of Issues, Concerns and Planned Remedial Action**

2.1 The Audit of Financial Statements Report was presented to the Audit Committee by the Wales Audit Office on 26<sup>th</sup> September 2014. The report presented an unqualified opinion of the Council's Statement of Accounts, but in doing so, also identified a number of issues and concerns. These issues and concerns were presented by the Wales Audit Office representative at the meeting and were recorded in the minutes but for ease of reference, the key areas for improvement are identified in summary form as follows:

- A number of adjustments were detailed in the Statement Reports
- There is a need for Internal Audit to monitor the Pension Fund
- Some Quality Assurance checks were not completed due to pressures on officer time
- There is a need to ensure sufficient resource is in place
- The Annual Governance Statement now refers to the Pension Fund, but there is scope for additional improvements
- A number of amendments had had to be made to the Statement of Accounts
- Some agreed amendments were outstanding and the accounts would have to be adjusted accordingly
- A number of significant audit risks were identified relating to the Fixed Asset Register, the County Farms Estate, quality assurance and internal recharges and accounting:
- Lack of a quality assurance process needs to be addressed - improvements should result in fewer queries to the Draft Accounts

- There had been some difficulty in the timeliness of obtaining information from service areas
- Change of audit procedures – higher levels of sampling

2.2 It should be noted that the Service fully accepts the observations of the Wales Audit Office and will be developing a detailed improvement action plan in response. This action plan will be presented to the next Audit Committee meeting. Improvement work and planning will however commence immediately and it is anticipated that a considerable amount of this work will be complete by the time of the next Audit Committee meeting in January.

2.3 Following is a summary of the planned actions to be undertaken in response to concerns raised by the Wales Audit Office and the observations and experiences of the service throughout this process:

- The Finance team were operating with a significant number of vacancies at the time of the audit. There had also been a reduction of positions within the service as a result of Council savings targets. Whilst these vacancies are being, or have been filled, it will be necessary to assess the overall capacity and resilience of the team going forward.
- The service will work with the Wales Audit Office on the audit approach and testing that can be conducted earlier in the year.
- The service will involve Internal Audit in ensuring that coding is used appropriately.
- The service will review the resourcing of the technical teams and ensure that capability is developed through a comprehensive training and development plan.
- The service will adopt a project management approach to accounts closure and audit as recommended by the PWC review.
- The service will carry out a review of coding and introduce more robust systems with support and training for staff.

2.4 A progress report against this planned activity will be presented to Audit Committee in January along with the action plan and timelines.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<p><b>That Audit Committee notes the planned improvement activity in relation to accounts closure and audit</b></p> <p><b>That Audit Committee receives an action plan and progress report in January 2015</b></p>	<p><b>To improve the approach to accounts closure and the audit of accounts</b></p>

<b>Relevant Policy (ies):</b>	
-------------------------------	--

<b>Within Policy:</b>	<b>Y</b>	<b>Within Budget:</b>	<b>Y</b>
-----------------------	----------	-----------------------	----------

<b>Relevant Local Member(s):</b>	
----------------------------------	--

<b>Person(s) To Implement Decision:</b>	N/A
---	-----

<b>Date By When Decision To Be Implemented:</b>	
---	--

<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>Email:</b>
Jason Lewis	01597 826318		Jason.lewis@powys.gov.uk

**Background Papers used to prepare Report:**

v.4