

Audit of Accounts Report – Flintshire County Council

Audit year: 2022-23

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

Audit of Accounts Report

Introduction	4
Proposed audit opinion	4
Significant issues arising from the audit	5
Recommendations	7
Appendices	
Appendix 1 – Final Letter of Representation	8
Appendix 2 – Proposed Audit Report	11
Appendix 3 – Summary of Corrections Made	16
Appendix 4 – Recommendations	23

Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2022-23 accounts in this report.
- 2 We have already discussed these issues with the Corporate Finance Manager and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £5,468,000 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Senior officer remuneration: £1,000
 - Related party transactions: £10,000
- 6 We have now substantially completed this year's audit.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence. We have previously notified you of a potential threat to auditor independence and objectivity arising and confirm that the planned safeguards set out in our Audit Plan have operated as intended.

Proposed audit opinion

- 8 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 9 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 10 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 11 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

12 There are no misstatements identified in the accounts, which remain uncorrected.

Corrected misstatements

13 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other significant issues arising from the audit

14 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year as shown in **Exhibit 1**:

Exhibit 1 – significant issues arising from the audit

Area	Issue identified	The way forward
Capital accounting	<p>Testing of Property, Plant & Equipment revaluation movements identified a number of complex capital accounting and revaluation issues that took a significant amount of time to resolve during the audit:</p> <ul style="list-style-type: none">Assets with both a Revaluation Reserve balance and a cumulative debit balance to the Surplus and Deficit on Provision of Services (SDPS). This incorrect treatment should not be possible as any Revaluation Reserve balance should be used in full before taking any remaining balance to the SDPS. The errors were largely an historic accounting issue which consequently took the Council a significant amount of time to investigate and resolve. The correction of these errors resulted in material amendments to the financial statements, as detailed within Appendix 4.	See recommendation 1 in Appendix 4

	<ul style="list-style-type: none"> • Assets where revaluation movements had incorrectly not separately written out depreciation & impairment, instead overstating the gross book value of assets as detailed within Appendix 4. • Due to the asset uplift exercise completed in 2021-22 and 2022-23, where assets values were reviewed and updated to reflect recent inflationary pressures, and subsequent manual updates to the Techforge asset register to reflect this, the Council had difficulty providing a detailed analysis at individual asset level to support revaluation and indexation movements in the financial statements. • A number of errors and omissions in the valuations completed by the Council's valuation team. 	
<p>Related parties</p>	<p>Testing of the related parties disclosures in Note 28 identified several issues regarding the completeness of declared interests:</p> <p>One elected member had failed to declare their directorship of two companies. As the Council was able to provide information confirming there were no transactions or balances between the Council and the two companies, there was no impact on the disclosures in Note 28.</p> <p>Two elected members who were directors of NEW Homes Limited had failed to declare it in their annual declaration of interests. As transactions and balances with NEW Homes Ltd were already included in Note 28, there was no impact on the note.</p> <p>One elected member did not complete an annual declaration of interests. Consequently, we had to undertake additional audit procedures to gain assurance there were no omitted related party transactions.</p>	<p>See recommendation 2 in Appendix 4</p>

Recommendations

- 15 The recommendations arising from our audit are set out in **Appendix 4**. Management has responded to them and we will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Appendix 1

Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

10 April 2024

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Flintshire County Council for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Flintshire County Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

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

Representations by Flintshire County Council

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 10 April 2024.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Gary Ferguson
Corporate Finance Manager
10 April 2024

Signed by:

Allan Rainford
Chair of the Governance and Audit
Committee
10 April 2024

Appendix 2

Proposed Audit Report

The report of the Auditor General for Wales to the members of Flintshire County Council

Opinion on financial statements

I have audited the financial statements of:

- Flintshire County Council; and
- Flintshire County Council's Group

for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

Flintshire County Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Movement in Reserves Statement, the Housing Revenue Account Income and Expenditure Statement and the related notes, including a summary of significant accounting policies.

Flintshire County Council's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Flintshire County Council and Flintshire County Council's Group as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of Flintshire County Council and the group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled

my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Flintshire County Council and the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- The information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Flintshire County Council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;=.
- Adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team.
- The financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11 of the Statement of Accounts, the responsible financial officer is responsible for:

- The preparation of the statement of accounts, including Flintshire County Council's Group Accounts, which give a true and fair view and comply with proper practices.
- Maintaining proper accounting records.
- Internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.
- Assessing Flintshire County Council and the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Flintshire County Council and the group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Flintshire County Council and group's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals, bias in accounting estimates and significant transaction outside the normal course of business.
- Obtaining an understanding of Flintshire County Council and group's framework of authority as well as other legal and regulatory frameworks that Flintshire County Council and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Flintshire County council and group.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- Enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims.
- Reading minutes of meetings of those charged with governance.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Flintshire County Council and group's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Flintshire County Council and group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
April 2024

1 Capital Quarter
Tyndall Street, Cardiff
CF10 4BZ

Appendix 3

Summary of Corrections Made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£44,027,000	<p>Note 8 – Property, Plant & Equipment</p> <ul style="list-style-type: none"> • Council dwellings: Cost - revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services [SDPS] – reduced by £25,015,000 • Council dwellings: Depreciation – depreciation written out to the SDPS – increased by £4,958,000 • Council dwellings: Depreciation – reversal of impairments recognised in the SDPS – increased by £22,380,000 • Council dwellings: Depreciation – impairments written out to the SDPS – increased by (£2,324,000) • Other land & buildings: Cost - revaluation increases/(decreases) recognised in the revaluation reserve – reduced by £16,026,000 • Other land & buildings: Cost - revaluation increases/(decreases) recognised in the SDPS – reduced by £2,986,000 • Other land & buildings: Depreciation – depreciation written out to the revaluation reserve – increased by £11,554,000 • Other land & buildings: Depreciation – depreciation written out to the SDPS – increased by £1,987,000 • Other land & buildings: Depreciation – impairments written out to the revaluation reserve – increased by £4,471,000 • Other land & buildings: Depreciation – reversal of impairments recognised in the SDPS – increased by £305,000 	<p>Incorrect accounting treatment of accumulated depreciation and impairment reversals as part of the asset uplift movements</p>

	<ul style="list-style-type: none"> Other land & buildings: Depreciation – impairments written out to the SDPS – increased by £695,000 	
£2,115,000	<p>Note 8 – Property, Plant & Equipment</p> <ul style="list-style-type: none"> Other land & buildings: Cost - revaluation increases/(decreases) recognised in the revaluation reserve – increased by £6,704,000 Other land & buildings: Cost - revaluation increases/(decreases) recognised in the SDPS – reduced by £8,819,000 <p>Comprehensive Income and Expenditure statement</p> <ul style="list-style-type: none"> Education & Youth: Gross Expenditure – increased by £7,993,000 Housing & Communities: Gross Expenditure – reduced by £86,000 Social Services: Gross Expenditure – increased by £61,000 Strategic Programmes: Gross Expenditure – increased by £851,000 (Surplus)/Deficit arising on revaluation of non-current assets – increased by £6,704,000 <p>Movement in Reserves Statement (and analysis in Note 7):</p> <ul style="list-style-type: none"> Council Fund Reserves: adjustments between accounting and funding basis under regulations - increased by £8,819,000 <p>Balance Sheet</p> <ul style="list-style-type: none"> Revaluation Reserve – increased by £6,704,000 Capital Adjustment Account – reduced by £8,819,000 <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	Incorrect Building Cost Information Service (BCIS) rates applied in asset uplift exercise

2022-23
£4,154,000

2021-22
£4,818,000

Impact on 2022-23 balances
Comprehensive Income and Expenditure statement

- Education & Youth: Gross Expenditure – increased by £4,256,000
- Housing & Communities: Gross Expenditure – reduced by £30,000
- Strategic Programmes: Gross Expenditure – increased by £282,000
- Streetscene & Transportation: Gross Expenditure – reduced by £414,000
- (Surplus)/Deficit arising on revaluation of non-current assets – increased by £4,154,000

Movement in Reserves Statement (and analysis in Note 7):

- Council Fund Reserves: adjustments between accounting and funding basis under regulations - increased by £4,154,000

Balance Sheet

- Revaluation Reserve – increased by £4,154,000
- Capital Adjustment Account – reduced by £4,154,000

There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.

Impact on 2021-22 comparatives/ opening 2022-23 balances

Comprehensive Income and Expenditure statement

- Education & Youth: Gross Expenditure – increased by £8,952,000
- Housing & Communities: Gross Expenditure – increased by £70,000
- Planning, Environment & Economy: Gross Expenditure – increased by £37,000
- Strategic Programmes: Gross Expenditure – increased by £654,000

Assets incorrectly having both a cumulative debit to CIES and a revaluation reserve balance

	<ul style="list-style-type: none"> Streetscene & Transportation: Gross Expenditure – reduced by £42,000 (Surplus)/Deficit arising on revaluation of non-current assets – increased by £9,671,000 <p>Movement in Reserves Statement (and analysis in Note 7):</p> <ul style="list-style-type: none"> Council Fund Reserves: adjustments between accounting and funding basis under regulations - increased by £9,671,000 <p>Balance Sheet</p> <ul style="list-style-type: none"> Revaluation Reserve – reduced by £4,818,000 Capital Adjustment Account – increased by £4,818,000 <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	
£660,000	<p>Note 8 – Property Plant & Equipment</p> <ul style="list-style-type: none"> Other land & buildings: Depreciation – Impairments recognised in the Revaluation Reserve – reduced by £660,000 <p>Comprehensive Income and Expenditure statement</p> <ul style="list-style-type: none"> (Surplus)/deficit arising on revaluation of non-current assets – increased by £660,000 <p>Movement in Reserves Statement (and analysis in Note 7):</p> <ul style="list-style-type: none"> Unusable Reserves: Total Comprehensive income and expenditure – increased by £660,000 <p>Balance Sheet</p> <ul style="list-style-type: none"> Revaluation Reserve – increased by £627,000 Capital Adjustment Account – increased by £33,000 	Capital expenditure incorrectly treated as ‘non-enhancing’ and impaired

<p>£245,000</p>	<p>Note 9 – Investment Properties and Agricultural Estate</p> <ul style="list-style-type: none"> Revaluation increases/(decreases) to surplus/deficit – increased by £245,000 <p>Note 5 – Financing and Investment Income and Expenditure</p> <ul style="list-style-type: none"> Interest and investment income – increased by £245,000 <p>Movement in Reserves Statement (and analysis in Note 7):</p> <ul style="list-style-type: none"> Council Fund Reserves: adjustments between accounting and funding basis under regulations – reduced by £245,000 <p>Balance Sheet</p> <ul style="list-style-type: none"> Capital Adjustment Account – increased by £245,000 <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	<p>Asset reclassified to Investment property incorrectly transferred at nil value.</p>
<p>£32,000</p>	<p>Note 9 – Investment Properties and Agricultural Estate</p> <ul style="list-style-type: none"> Revaluation increases/(decreases) to surplus/deficit – reduced by £32,000 <p>Note 5 – Financing and Investment Income and Expenditure</p> <ul style="list-style-type: none"> Investment losses and investment expenditure – increased by £32,000 <p>Movement in Reserves Statement (and analysis in Note 7):</p> <ul style="list-style-type: none"> Council Fund Reserves: adjustments between accounting and funding basis under regulations – increased by £32,000 	<p>All investment properties should be revalued each year – one asset was incorrectly omitted from the revaluation exercise</p>

	<p>Balance Sheet</p> <ul style="list-style-type: none"> • Capital Adjustment Account – decreased by £32,000 <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	
<p>£1,077,000</p>	<p>Note 8 – Property, Plant & Equipment</p> <ul style="list-style-type: none"> • Other land & buildings: Cost - revaluation increases/(decreases) recognised in the SDPS – reduced £1,077,000 • Other land & buildings: Depreciation – reversal of impairments recognised in the surplus/deficit – increased by £821,000 • Other land & buildings: Depreciation – impairments written out to SDPS – increased by £821,000 <p>Comprehensive Income and Expenditure statement</p> <ul style="list-style-type: none"> • Education & Youth: Gross Expenditure – increased by £1,077,000 <p>Movement in Reserves Statement (and analysis in Note 7):</p> <ul style="list-style-type: none"> • Council Fund Reserves: adjustments between accounting and funding basis under regulations – increased by £1,077,000 <p>Balance Sheet</p> <ul style="list-style-type: none"> • Capital Adjustment Account – decreased by £1,077,000 <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	<p>A valuation was completed on a piece of land the Council does not own and the value was incorrectly included on the balance sheet.</p>

£1,048,000	<p>Balance sheet</p> <ul style="list-style-type: none"> • Short term debtors: Payments in advance (also Note 13) – reduced by £1,048,000 • Short term creditors: other creditors (also Note 17) – reduced by £1,048,000 	To remove balances incorrectly included as both a payment in advance and a creditor
£1,302,000	<p>Housing revenue account – income and expenditure statement</p> <ul style="list-style-type: none"> • Expenditure: Rents, rates, taxes and other charges – reduced by £1,302,000 • Income: Dwelling rents (gross) - reduce by £1,302,000 	Incorrect treatment of income foregone from void properties
£1,681,000	<p>Comprehensive Income and Expenditure statement</p> <ul style="list-style-type: none"> • Streetscene and Transportation: Gross Expenditure – reduced by £1,681,000 • Streetscene and Transportation: Gross Income – reduced by £1,681,000 <p>Note 2 – Segmental Income and Expenditure</p> <ul style="list-style-type: none"> • Streetscene and Transportation: Revenues from external customers – reduced by £1,681,000 • Streetscene and Transportation: Revenues from transactions with other operating segments - increased by £95,000 	Incorrectly treated internal recharges from Flintshire Construction Services.
Various: other presentational changes to supporting notes	A number of other narrative, presentational and minor amendments were made to supporting disclosure notes.	To ensure that all disclosures are accurately presented.

Appendix 4

Recommendations

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Exhibit 4: matters arising

Recommendation 1 – Capital accounting and valuation issues	
Findings	<p>As set out in Exhibit 1, our testing of Property, Plant & Equipment revaluation movements identified several complex capital accounting and revaluation issues that took a significant amount of time to resolve during the audit.</p> <p>These issues resulted in material amendments to the financial statement detailed in Appendix 3 above.</p>
Priority	High
Recommendation	<p>There are several areas the Council should focus on to improve its arrangements:</p> <ul style="list-style-type: none">• Strengthen engagement from the Council's valuation team in the production of the statement of accounts and the audit process, including providing more robust and timely responses to audit queries.• Improve quality assurance and oversight of the valuation process to reduce the risk of errors and omissions.• Ensure reports are run from Techforge at appropriate points through the valuation process and retained for audit purposes.• Enhance quality assurance arrangements for review of proposed capital accounting entries once valuations have been processed through Techforge.

Benefits of implementing the recommendation	Improved controls and strengthening the quality of the draft statement of accounts, leading to a more timely and efficient audit process.
Accepted in full by management	Yes
Management response	TBC
Implementation date	TBC

Recommendation 2 – related party transactions / declarations of interest

Findings	<p>Testing of the related parties disclosures in Note 28 identified several issues regarding the completeness of declared interests:</p> <p>One elected member had failed to declare their directorship of two companies. The Council was able to provide information confirming there were no transactions or balances between the Council and the two companies, therefore there was no impact on the disclosures in Note 28.</p> <p>Two elected members who were directors of NEW Homes Limited had failed to declare it in their annual declaration of interests. As transactions and balances with NEW Homes Ltd were already included in Note 28, therefore there was no impact on the note.</p> <p>One elected member did not complete an annual declaration of interests. Consequently, we had to undertake additional audit procedures to gain assurance there were no omitted related party transactions.</p>
Priority	High
Recommendation	Review and update, where necessary, annual declarations guidance to members to clarify the need for all relationships and interests to be declared to ensure annual declarations of interest are complete and are received for all elected members
Benefits of implementing the recommendation	Greater transparency and more complete and accurate information to inform the related party transaction disclosures in the financial statements.
Accepted in full by management	Yes
Management response	TBC
Implementation date	TBC



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.