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Councillor Dyfed Edwards – Leader
Mr Harry Thomas – Chief Executive
Gwynedd Council
Pencadlys
Shirehall Street
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Dear Councillor Edwards and Mr Thomas

Annual Audit Letter

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 but there is further scope to strengthen its financial controls

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 27 September 2013 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 the 26 September 2013. My reports concluded that the Statement of Account were generally prepared to a good standard. I did identify 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.

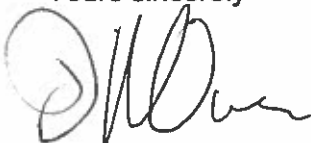
Further to the earlier work carried out by the pensions section, which initially identified the issue, I am advised that the Council has continued to make good progress to improve the quality of the membership data across Employer Bodies to ensure that the actuary is provided with robust data.

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. Overall, I am satisfied that the Council has appropriate arrangements in place. 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 has been completed on 27 September 2013.

The financial audit fee for 2012-13 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
28 November 2013