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Councillor Rob Stewart – Leader

City and County of Swansea  
Civic Centre  
Oystermouth Road  
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Reference	KW/RN
Date	26 November 2014
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Dear Councillor Stewart

### **Annual Audit Letter – City and County of Swansea 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 report on 17 September 2014, and a more detailed report will follow in due course.

**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.

The Council is continuing to improve its financial management arrangements so that it is able to address the financial challenges ahead.

The Auditor General is currently conducting a Corporate Assessment of the Council and our findings will be shared with management in due course.

**I have not yet issued a certificate confirming that the audit of the accounts has been completed**

When I issued my audit opinion, on 30 September 2014, I was not able to issue a certificate confirming that the audit of the accounts had been completed because the Pension Fund's Annual Report had not been finalised. On 26 November 2014, I issued an unqualified opinion with regard to the consistency of the accounting statements with the Pension Fund's Annual Report.

A certificate confirming that the audit of accounts has been completed is to be issued following the Council's approval of the accounting statements, in accordance with regulation 11 of the Accounts and Audit (Wales) regulations.

**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.**

My annual grant report for 2012-13 confirmed that 44 grant claims were certified by PwC. Of those 16 were unqualified without amendment, 15 claims were amended following our audit, seven claims were certified with a qualification and six claims were amended and qualified. A detailed report on my grant certification work for 2013-14 will follow in March 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 our report to Cabinet on 23 September 2014.

Yours sincerely

**Kevin Williams (PwC)  
For and on behalf of the Appointed Auditor**

Cc Mr Jack Straw – Chief Executive