

## ACCOUNTS COMMITTEE

29 SEPTEMBER 2014

**PRESENT:** Councillor M Henry (Chair)  
Councillors M Gannon and F Hindle

### AC1. MINUTES

The minutes of the last meeting of the Committee held on 30 September 2013 were approved as a correct record and signed by the Chair.

### AC2. AUDIT COMPLETION REPORT FOR THE YEAR ENDED 31 MARCH 2014 AND GATESHEAD COUNCIL STATEMENT OF ACCOUNTS 2013/14

Consideration was given to Mazars' Audit Completion Report, including the Council's arrangements for securing economy, efficiency and effectiveness

The report's key messages are:

- Audit Opinion - Mazars has issued an unqualified opinion on the Statement of Accounts, meaning that it is free from material error and has been prepared in accordance with proper practice.
- Use of resources – The Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The report also includes a Letter of Representation to Mazars', to be approved by the Committee prior to being signed by the Strategic Director, Finance and ICT.

The Statement of Accounts is materially consistent with the 2013/14 revenue and capital outturn reports considered by the Cabinet. It also includes additional reserves movements approved in the MTFs review of reserves. Along with minor adjustments and presentational changes, a number of the following adjustments have been made to the Statement submitted for audit on 30 June 2014:

- **Depreciation:** The depreciation charge was reduced by £1.179m as a depreciation charge had been incorrectly applied to the land component of some of the Council dwellings. There was a corresponding increase to the revenue contribution to capital expenditure within the HRA to ensure there was no overall impact on the HRA balance.
- **Dwelling valuations:** The capital charges to the Comprehensive Income and Expenditure Statement relating to Council dwellings were reduced by £4.862m as the formula within the asset register had incorrectly excluded the impact of property disposals from the revaluation calculation and had therefore overstated the original valuation movement.
- **Revaluations:** An error in the revaluation gain for three of the Council's assets, primarily the Sage Gateshead, which charged the gain in full to the revaluation reserve rather than being used to reverse a prior year revaluation loss that had previously been charged to the Cost of Services within the Comprehensive Income

and Expenditure Statement. A total of £6.850m was moved from Other Comprehensive Income to Cost of Services within the Comprehensive Income and Expenditure Statement.

- **Grants:** Two grants, Public Health (£15.401m) and NHS social care contributions (£4.056m) were treated as unringfenced grants. These were reclassified as service-specific grants and moved within the Cost of Services within the Comprehensive Income and Expenditure Statement. In addition, an element of the Dedicated Schools Grant (£7.338m income and expenditure) was accounted for twice.
- **Provision for business rates appeals:** £1.656m was reclassified from bad debt provisions (part of the debtors' balance) to short-term provisions on the Balance Sheet.
- **Airport loan notes interest:** £0.664m interest receivable within 12 months was originally included within long-term debtors. It has been revised to be included within short-term debtors.

The net effect of the above changes increases the value of the Balance Sheet by £6.041m (due to the reduction in the 2013/14 depreciation charge and revised revaluation figure). None of the changes to the Statement of Accounts impact on the revenue and capital outturn positions reported to Cabinet, nor do they affect the position of any usable reserves.

- RESOLVED -
- (i) That the contents of Mazars' Audit Completion Report Year ended 31 March 2014 and Gateshead Council Statement of Accounts 2013/14 be noted.
  - (ii) That the issue of the Letter of Representation by the Strategic Director, Finance and ICT on behalf of the Council be approved.
  - (iii) That the Council's Statement of Accounts for 2013/14 be approved for publication.