

STATEMENT OF ACCOUNTS 2013/14 – OUTCOME OF EXTERNAL AUDIT

Audit Committee – 09 September 2014

Report of Chief Finance Officer

Status: For Decision

Key Decision: No

Executive Summary: This report sets out the external audit findings of the 2013/14 accounts

This report supports the Key Aim of effective management of Council resources.

Portfolio Holder Cllr. Ramsey

Contact Officer(s) Helen Martin Ext.7483

Recommendation to Audit Committee: It be RESOLVED that the Statement of Accounts 2013/14 be approved

Introduction and Background

- 1 A draft statement of accounts was reviewed by a working group from the Audit Committee on 21 July 2014.
- 2 The external audit of the accounts began on 7 July and the Audit Findings Report in Appendix A sets out the findings and the changes to the accounts agreed as part of the process. The report also sets out the auditor's Value for Money (VfM) conclusion for 2013/14.
- 3 The external auditor, Andy Mack from Grant Thornton, will attend the meeting to discuss their report on the 2013/14 audit. The accounts are required to be signed off by the end of September 2014.
- 4 The Audited Statement of Accounts 2013/14 is attached as Appendix B.
- 5 The format of the statement remains the same as 2012/13 and has been compiled in line with International Financial Reporting Standards (IFRS).

Review by Working Group

- 6 At the meeting of the working group on 21 July, the Head of Finance explained the most important items in the statement and provided answers to detailed questions raised by Members.

- 7 Following the working group, the Foreword has been amended to include information about the income and expenditure in graph form, and a simplified balance sheet to clearly identify the total of the Council's assets.
- 8 The Foreword also includes information about the changes to the Business Rates Retention scheme.

Commentary on the Auditor's Report

Audit Findings

- 9 Grant Thornton have stated that the accounts give a true and fair view of the Council's financial position, and have been properly prepared in accordance with the Code of Practice.
- 10 The changes made to the statement of accounts following the audit are explained below:
 - a. Non Domestic Rates – an item of non domestic rate income was incorrectly shown as a reduction in the net cost of service on the Comprehensive Income and Expenditure Statement (CIES) and should have gone through the Movement in Reserves statement and Collection Fund adjustment account. This change reduces the total of net income shown on the CIES.
 - b. Gross Income and Gross Expenditure analyses in the Comprehensive Income and Expenditure statement were incorrect and did not match the General Ledger.
- 11 The above items have been adjusted and do not impact on the amount transferred to Earmarked Reserves at the end of the year.

Value for Money

- 12 Grant Thornton have issued an unqualified conclusion to our arrangements for Value for Money. They examined our arrangements for securing economy, efficiency and effectiveness in our use of resources and confirm that we have proper arrangements in place. They have reviewed whether the Council has prioritised its resources to take account of the tighter constraints within which we are required to operate. The 'traffic light' indicators for value for money indicators for value for money are all assessed as green.
- 13 The Council's track record of good financial performance is considered indicative of robust financial planning arrangements. The 10-year financial plan is considered to reflect best practice, and they observe that we have a strong track record on delivering budgets and savings plans.
- 14 The Council's financial governance arrangements have been strengthened during the year and there is increased focus on scrutiny of key internal audit reports and of financial statements which emphasises our sound financial governance.

- 15 The Council has a robust financial control framework and a strong track record on budgetary and financial control.

Summary

- 16 We would like to express our thanks to Grant Thornton for their efforts in completing the required audit work in time for reporting to this Committee. The Finance Team will be working with Grant Thornton to review the 13/14 Accounts process to identify any improvements that can be made for future years.

Key Implications

Financial

There are no financial implications

Legal Implications and Risk Assessment Statement.

Under section 151 of the Local Government Act 1972 the section 151 officer has statutory duties in relation to the financial administration and stewardship of the authority.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The recommendation is concerned with sound control of the Councils finances and does not directly impact on services provided to the community
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No mitigating steps are required

Conclusions

Members will note that there are no material issues to be brought to the attention of the Committee and that the external auditor expects to issue an unqualified opinion on the financial statements and value for money conclusion.

Appendices

Appendix A – Grant Thornton Audit Findings
2013/14

Appendix B – Letter of Representation

Appendix C – Audited Statement of Accounts
2013/14

Adrian Rowbotham
Chief Finance Officer