
Audit and Governance Committee

26 September 2013

Report of the Director of Customer & Business Support Services

Annual Financial Report - Statement of Accounts 2012/13

Summary

1. This report presents
 - a. a final set of accounts for 2012/13 to reflect changes made since the draft pre-audit accounts were presented to this committee on 31 July 2013
 - b. the external auditors Audit Completion Report
 - c. the letter of representation.

Background and Analysis

2. The International Standard on Auditing (ISA) 260 requires the Council's External Auditor to report to those charged with governance any issues arising from the audit of the financial statements. It is also a statutory requirement that the Council approves the final statement of accounts after the audit and by 30th September each year.
3. The accounts attached at Annex A have been revised since the Audit & Governance Committee review in July 2013. Although the 4 core statements (Comprehensive Income & Expenditure Account, Movement in Reserves Statement, Balance Sheet and Cash flow Statement) are fundamentally unchanged for 2012/13 a number of changes to the notes to the accounts and some presentational changes have been agreed. The prior year adjustment at note 55 has also been fully reflected on the face of the core statements.
4. It should be noted that these changes have no affect on the outturn position of the council as the changes made are accounting adjustments to ensure the accounts present a true and fair view.
5. The 2012/13 audit is now substantially complete, and Mazars summarise their review of the accounts in their Audit Completion

Report, which is attached to this report at annex B. Their report encapsulates the following points:

- (a) opinion on the financial statements
- (b) errors adjusted by management
- (c) significant risks and findings
- (d) weaknesses in Internal Control
- (e) other matters

6. The annual production of the accounts is the subject of continuous review and as usual, lessons will be gleaned from the issues identified this year. Any subsequent issues identified in the last few days of the audit work will be reported verbally at the meeting.
7. The issues identified in 2012/13 will form the basis of a structured improvement programme in the build up to the production of next years accounts which will focus on:
 - (i) continued effective project planning to ensure tighter more efficient deadlines are achieved
 - (ii) training sessions and communication within the finance team
 - (iii) a review of the template document used to complete the final statement of accounts with a view to improving the stability of this document.

Consultation

8. The report of the external auditor has been discussed with the relevant responsible officers. It is reported here for due consultation with those members charged with governance at the council.

Options

9. Not applicable.

Corporate Priorities

10. The Annual Financial Report provides a technical financial summary of the activities of the council and assists in providing the Council with a viable financial position on which to base future budget projections, as well as contributing to the overall effectiveness of the Council's governance and assurance arrangements.

Implications

11. There are no financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report.

Risk Management

12. Areas of risk identified throughout the annual accounts process are monitored and managed on an ongoing basis to ensure the statutory deadline is met. The risks identified in 2012/13 are listed in the Audit Commission Annual Governance Report elsewhere on this agenda.
13. The Council will fail to comply with legislative and best practice requirements to provide for a proper audit of the Council if it does not consider this report or approve and sign the Annual Financial Report.

Recommendations

14. Members are asked to

- (a) Note the matters set out in the Audit Completion Report (Annex B) presented by the external auditor

Reason

To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

- (b) Consider the items identified misstatements in section 10 of the Audit Completion Report at Annex B and agree to amend the 2012/13 Statement of Accounts for those items.
- (c) Approve the amended Annual Financial Report at Annex A for signature by the chair from a resolution of this Committee in accordance with the Accounts and Audit Regulations 2003.
- (d) Approve the letter of representation for signature by the Director of CBSS attached at Annex C

Reason

To ensure compliance with International Auditing Standards and relevant legislative requirements.

- (e) Note the anticipated receipt of an unqualified Audit Opinion to both the Statement of Accounts 2012/13 and the Council's

arrangements for securing economy, efficiency and effectiveness in its use of resources

Reason

To ensure Members of the Audit and Governance Committee are aware of any matters arising from the annual audit of the Annual Financial Report

Contact Details

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Chief Officer Responsible for the report:

Ian Floyd
Director of Customer & Business Support Services

Report Approved



Date 16.9.13

Specialist Implications Officers

Not applicable

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Audit and Governance Committee 31 July 2013 – Pre-Audit Statement of Accounts 2012/13

Annex

Annex A – Final Statement of Accounts 2012/13

Annex B – Audit Completion Report

Annex C – letter of representation