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## **Audit and Governance Committee**

24 September 2014

Report of the Director of Customer & Business Support Services

## **Annual Financial Report - Statement of Accounts 2013/14**

### **Summary**

1. This report presents
  - a. a final set of accounts for 2013/14 to reflect changes made since the draft pre-audit accounts were presented to this committee on 30 July 2014
  - 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 30<sup>th</sup> September each year.
3. The accounts attached at Annex A have been revised since the Audit & Governance Committee review in July 2014. A number of changes to the notes to the accounts and some presentational changes have been agreed, along with a change in the treatment of the revaluation in Council House Dwellings. The detail of the changes made is included in section 4 of the Audit Completion Report (please see agenda item 7).
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 2013/14 audit is now substantially complete, and Mazars summarise their review of the accounts in their Audit Completion Report, (Annex B – please see agenda item 7). 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 2013/14 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 deadlines are achieved
  - (ii) training sessions and communication both within the finance team and across the Council to raise awareness
  - (iii) a review of the process of preparing working papers.

### **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.
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 – please see agenda item 7) 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 (please see agenda item 7) and agree to amend the 2013/14 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 as attached at Annex C

### Reason

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

## Contact Details

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### Chief Officer Responsible for the report:

Ian Floyd  
Director of Customer & Business  
Support Services

Report  
Approved



Date 16-09-14

### Specialist Implications Officers

Not applicable

### Wards Affected:

All

**For further information please contact the author of the report**

### Background Papers:

Audit and Governance Committee 30 July 2014 – Pre-Audit Statement of Accounts 2013/14

### Annex

Annex A – Final Statement of Accounts 2013/14

Annex B – Audit Completion Report (Please note: this annex is the report presented under agenda item 7)

Annex C – Letter of representation