

Audit Committee		Agenda Item:
Meeting Date	25 September 2013	
Report Title	Annual Financial Report 2012/2013 and Audit Findings Report	
Cabinet Member	Cabinet Member for Finance: Cllr Duncan Dewar-Whalley	
SMT Lead	Nick Vickers, Head of Finance	
Head of Service	Nick Vickers, Head of Finance	
Lead Officer	Phil Wilson, Chief Accountant	

Recommendations	<p>Members are asked to :</p> <ol style="list-style-type: none"> 1. approve the Statement of Accounts for the year ended 31 March 2013 (Appendix I); 2. note the external auditor's Audit Findings Report (Appendix II); 3. note the adjustments to the financial statements which are set out in the Audit Findings Report (see page 13 of Appendix II); 4. approve management's proposed treatment of the unadjusted misstatement which is set out in the Audit Findings Report (see page 14 of Appendix II); 5. approve the letter of representation (Appendix III) on behalf of the Council.
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1. Purpose of Report and Executive Summary

- 1.1 This report seeks the Audit Committee's approval of the Council's financial statements for 2012/13 and includes the external auditor's Audit Findings Report for their consideration.

2. Background

Financial Statements 2012/13

- 2.1 The financial statements for 2012/13 are attached as appendix I. The Head of Finance has signed the accounts to certify that in his view they present a true and fair view of the financial position of the Council.
- 2.2 Under the 2011 Accounts and Audit Regulations, the Council has to have its accounts agreed by the Committee by 30 September.

Audit Findings Report

- 2.3 Grant Thornton UK LLP has been the Council's external auditors since 1

September 2012. Their audit of the financial statements began on 29 July 2013.

- 2.4 The Audit Findings Report highlights the key matters arising from the audit of the Council's financial statements for the year ended 31 March 2013. It is also used to report the audit findings to management and those charged with governance. Grant Thornton are required to report whether the Council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared. They are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure value for money.
- 2.5 The Audit Findings Report is attached as appendix II. Mr Golding of Grant Thornton will present this report to the Committee on 25 September.

3. Proposal

Financial Statements

- 3.1 The financial statements for the year ended 31 March 2013 are attached as Appendix I. The draft accounts were sent to members of the Committee on 11 July 2013.

Audit Findings

- 3.2 Grant Thornton have stated that they “anticipate providing an unqualified opinion on the financial statements” and that: “the key messages arising from our audit of the Council's financial statements are:
- “The quality of the financial statements and working papers provided to support them was of a very high standard this year.
 - There were no amendments arising from the audit which impacted on the Council's reported financial performance.”
- 3.3 Furthermore, Grant Thornton “proposes to give an unqualified Value for Money conclusion”.
- 3.4 The report uses a “traffic lights” system (see bottom of page 12) to highlight the assessment of the following:
- 3.4.1 the Council's accounting policies, estimates and judgements (page 12);
 - 3.4.2 the assessment of value for money risk areas (page 19);
 - 3.4.3 overview of the audit findings (appendix B pages 28 – 31).
- 3.5 In all cases, the Council achieved a “green” with no “ambers” or “reds”.
- 3.6 Other councils may have this year a separate financial resilience report, but for authorities (such as Swale) where everything was green, Grant Thornton has included the findings within the Audit Findings Report.

- 3.7 The Audit Findings Report details one adjusted misstatement (page 13). This does not impact upon the reported financial position of the Council. The Head of Finance and Chief Accountant can provide more details if required at the meeting.
- 3.8 The Audit Findings Report details one unadjusted misstatement (page 14). This has arisen where the auditors have identified an adjustment to the accounts but the management has decided not to include this adjustment in the accounts. In these circumstances the Audit Committee are asked to either approve the treatment by management (i.e. not to include the adjustment), or to approve that the adjustment identified by Grant Thornton should be included in the accounts. The Head of Finance and Chief Accountant can provide more details if required at the meeting.
- 3.9 Page 22 of the Audit Findings Report details the audit fees and confirms that there was not any additional audit work resulting in extra charges above those in the original audit plan.

Future

- 3.10 The Head of Finance and Chief Accountant would like to express their thanks to Grant Thornton for their efforts in completing the required audit work in time for reporting to this Committee. As in the past, the Head of Finance and Chief Accountant will work with the external auditors to review the 2012/13 accounts and to continue to maintain and improve them in the future.

4. Consultation Undertaken or Proposed

- 4.1 Consultation has taken place with Grant Thornton throughout this process.

5. Implications

Issue	Implications
Corporate Plan	Embracing Localism Open for Business Healthy Environment
Financial, Resource and Property	The External Auditor's opinion is that the Authority's accounting statements give a true and fair view of the financial position of the Authority as at 31 March 2013 and its income and expenditure for the year then ended.
Legal and Statutory	The production of the financial statements is a legal requirement under the 2011 Accounts and Audit regulations.
Crime and Disorder	No direct issues
Risk Management and Health and Safety	No direct issues
Equality and Diversity	No direct issues

Issue	Implications
Sustainability	No direct issues

6. Appendices

6.1 The following documents are to be published with this report and form part of the report:

6.1.1 Appendix I: Annual Financial Report 2012/13

6.1.2 Appendix II: Audit Findings Report

6.1.3 Appendix III: Letter of Representation

7. Background Papers

7.1 Detailed working papers are held in the Finance Department.