

<b>Audit Committee</b>		<b>Agenda Item:</b>
<b>Meeting Date</b>	<b>17 September 2014</b>	
<b>Report Title</b>	<b>Annual Financial Report 2013/2014 and Audit Findings Report</b>	
<b>Cabinet Member</b>	<b>Cabinet Member for Finance: Cllr Duncan Dewar-Whalley</b>	
<b>SMT Lead</b>	<b>Nick Vickers, Head of Finance</b>	
<b>Head of Service</b>	<b>Nick Vickers, Head of Finance</b>	
<b>Lead Officer</b>	<b>Phil Wilson, Chief Accountant</b>	

<b>Recommendations</b>	<p>Members are asked to :</p> <ol style="list-style-type: none"> <li>1. note the external auditor's Audit Findings Report (Appendix I);</li> <li>2. note the adjustments to the financial statements which are set out in the Audit Findings Report (see page 14 of Appendix I);</li> <li>3. approve management's proposed treatment of the unadjusted misstatement which is set out in the Audit Findings Report (see page 15 of Appendix I);</li> <li>4. agree the management response to the Action Plan (see page 27 of Appendix I);</li> <li>5. approve the letter of representation (Appendix II) on behalf of the Council;</li> <li>6. approve the Statement of Accounts for the year ended 31 March 2014 (Appendix III).</li> </ol>
------------------------	---

## **1. Purpose of Report and Executive Summary**

- 1.1 This report seeks the Audit Committee's approval of the Council's financial statements for 2013/14 and includes the external auditor's Audit Findings Report for their consideration.

## **2. Background**

### Audit Findings Report

- 2.1 Grant Thornton UK LLP has been the Council's external auditors since 1 September 2012. Their audit of the financial statements began on 4 August 2014.
- 2.2 The Audit Findings Report highlights the key matters arising from the audit of the Council's financial statements for the year ended 31 March 2014. 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.

- 2.3 The Audit Findings Report is attached as appendix I. Mr Mack of Grant Thornton will present this report to the Committee on 17 September.

#### Financial Statements 2013/14

- 2.4 The financial statements for 2013/14 are attached as appendix III. 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.
- 2.5 Under the 2011 Accounts and Audit Regulations, the Council has to have its accounts agreed by the Committee by 30 September.

### **3. Proposal**

#### Financial Statements

- 3.1 The financial statements for the year ended 31 March 2014 are attached as Appendix III. The draft accounts were sent to members of the Committee on 1 July 2014.

#### Audit Findings

- 3.2 An Executive Summary of the report's findings is on pages 5-6.
- 3.3 Grant Thornton have stated that they "anticipate providing an unqualified opinion on the financial statements". Furthermore, Grant Thornton "propose to give an unqualified Value for Money conclusion".
- 3.4 The report uses a "traffic lights" system to highlight the assessment of the following:
  - 3.4.1 the Council's accounting policies, estimates and judgements (pages 11-12) which were all assessed as "green";
  - 3.4.2 the assessment of value for money risk areas (pages 20-21) which were all assessed as "green".
- 3.5 The Audit Findings Report details two misclassifications and disclosure changes (page 14). The Head of Finance and Chief Accountant can provide more details if required at the meeting.
- 3.6 The Audit Findings Report details one unadjusted misstatement (page 15). 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.

3.7 Page 23 of the Audit Findings Report details the audit fees which are £92,601 compared to the original audit plan of £93,285.

3.8 Page 27 has an Action Plan. The Audit Committee are asked to approve the management's response to the two recommendations.

#### Future

3.9 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 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**

<b>Issue</b>	<b>Implications</b>
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 2014 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
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: Audit Findings Report

6.1.2 Appendix II: Letter of Representation

6.1.3 Appendix III: Annual Financial Report 2013/14

## **7. Background Papers**

7.1 Detailed working papers are held in the Finance Department.