

Report to: Audit Committee
Date of meeting: 25 September 2013
Report of: Dot Reynolds – Finance Manager Shared Services
Title: External Auditor’s Report to Those Charged With Governance – ISA260 (September 2013) and the Approval of the Statement of Accounts 2012/13

1.0 **SUMMARY**

1.1 This report allows the Committee to ask questions of the external auditor concerning his ‘Report to those charged with Governance (ISA260)’ and to approve the Statement of Accounts for 2012/13.

2.0 **RECOMMENDATIONS**

2.1 That the Committee notes the external auditor’s ‘Report to those charged with Governance,

2.2 That the Committee seeks any clarification it needs concerning the Statement of Accounts for 2012/13,

2.3 That the Committee confirms that it is satisfied that the accounting policies adopted are the most appropriate, and,

2.4 That the Statement of Accounts for 2012/13 be approved.

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Report approved by: Alan Power, Head of Finance Shared Services

3.0 **DETAILS**

- 3.1 The Audit Committee at its meeting on the 26 June received the draft Statement of Accounts for 2012/13. The Accounts have since been audited by Grant Thornton UK LLP.
- 3.2 The Auditor's 'Report to those charged with Governance' is attached at Appendix 1. It is issued in accordance with ISA260 and incorporates a conclusion on final accounts work and a value for money judgment. Grant Thornton will attend the meeting to present the report and answer questions.
- 3.3 Attached at Appendix 2 is a draft letter of representation which should be signed at the meeting.
- 3.4 The Council's Statement of Accounts for 2012/2013 is attached at Appendix 3.
- 3.5 The accounts must be signed by the Chief Finance Officer before they are approved by the Committee and, subject to approval, the Chairman of the Committee shall sign and date them at the meeting.
- 3.6 Financial Reporting Standard 18 requires the Committee to confirm that it is satisfied that the accounting policies adopted are the most appropriate.

4.0 **KEY ISSUES AND INTERPRETATION OF THE ACCOUNTING STATEMENTS**

- 4.1 The purpose of the Statement of Accounts is to give interested parties an understanding of the Council's financial position. It also provides an opportunity to compare how the Council performed financially against its original plan published when setting the budgets in February 2012. Members are referred to the Foreword to the Statement of Accounts.
- 4.2 The Financial Statements have been prepared under International Financial Reporting Standards (IFRS), a statutory accounting framework which has replaced the United Kingdom Generally Accepted Accounting Principles (UK GAAP). The Chartered Institute of Public Finance and Accountancy produces a Code of Practice on Local Authority Accounting which reflects the statutory requirements and has been followed in preparing the financial statements.
- 4.3 A draft Annual Governance Statement (AGS) was presented to the Committee and approved on 26 June 2013. It is now included in the Statement of Accounts before the Committee, and has been signed by the Leader of the Council and the Chief Executive as required by proper practice.

4.4 *Summary of Financial Position*

4.5 The Council's medium-term financial planning has aimed to achieve a balanced budget and a prudent level of balances. With the reductions in government grant, however, this means that significant savings have had to be identified. The Council is aiming to continue to achieve efficiency savings rather than cut levels of service. Tight financial control will need to be exercised to ensure that the savings identified are achieved.

4.6 In the longer term the Council will also have to address the impact on the revenue account of reduced interest income as capital receipts are used to fund capital expenditure.

5.0 **IMPLICATIONS**

5.1 **Financial**

5.1.1 Contained in the Statement of Accounts.

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 None specific.

5.3 **Equalities**

None specific.

5.4 **Potential Risks**

There are no risks associated with the decisions members are being asked to make.

APPENDICES

1. Report to those charged with Governance (ISO260) – Grant Thornton – September 2013
2. Draft Letter of Representation
3. Statement of Accounts 2012/13

BACKGROUND PAPERS

The Accounts and Audit (England) Regulations 2011