

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE - 25 NOVEMBER 2014
ANGUS COUNCIL – 11 DECEMBER 2014

ANGUS COUNCIL ANNUAL ACCOUNTS 2013/14 AND THE REPORT TO MEMBERS ON THE
2013/14 AUDIT OF ANGUS COUNCIL

REPORT BY CHIEF EXECUTIVE, STRATEGIC DIRECTOR – RESOURCES AND THE HEAD OF
CORPORATE IMPROVEMENT AND FINANCE

ABSTRACT:

This report covers Audit Scotland's Report to Members on the 2013/14 Audit of Angus Council and asks Members to formally note the 2013/14 Annual Accounts including the Audited Accounting Statements for Angus Council. The report also advises members of the intention to publish a summarised version of the accounts. The audited Annual Accounts were scrutinised by the Scrutiny and Audit Committee on 30 September 2014, Report 428/14 refers.

1 RECOMMENDATION

It is recommended that the Scrutiny & Audit Committee:-

- (i) scrutinise the content of Audit Scotland's Report to Members on the 2013/14 Audit of Angus Council (**Appendix 1**) and provide any commentary considered appropriate at this time.

It is recommended that the Council:-

- (i) consider the content of Audit Scotland's Report to Members on the 2013/14 Audit of Angus Council (**Appendix 1**);
- (ii) note the 2013/14 audited Annual Accounts for Angus Council;
- (iii) note that a summarised version of the 2013/14 Annual Accounts will be published electronically.

2 BACKGROUND

General

The 2013/14 accounts have been prepared to be compliant with the Local Authority Accounting Code of Practice. The code is based on International Financial Reporting Standards (IFRS) which has added significant additional complexity and workload requirements to the final accounts process and in turn has increased the pressures placed on Council officers to deliver accounting statements within the prescribed timescales. The 2013/14 accounts required minimal changes in the compliance requirements.

3 AUDIT PROCESS

- 3.1 The Council is required by law to prepare a set of Accounting Statements (the Accounts) which set out its financial position at the end of each financial year. These Accounts are prepared by the Head of Corporate Improvement and Finance and his team on a draft basis and are subsequently submitted to an External Auditor appointed by the Controller of Audit for independent review.
- 3.2 The Council's draft Accounting Statements for financial year 2013/14 were submitted to the Controller of Audit for audit by the council's appointed external auditors in accordance with the statutory deadline of 30 June 2014. Audit Scotland were appointed for the five year period beginning 2011/12 as the external auditors of Angus Council. The 2013/14 final accounts represented Audit Scotland's third audit as part of this appointment.

3.3 Through their external audit role Audit Scotland:-

- provide an opinion on the financial statements in accordance with relevant legal and regulatory requirements and international standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission;
- review and report on the Council and its group corporate governance arrangements in relation to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, prevention and detection of corruption, and the Council's financial position;
- review and report on the Council in relation to best value, use of resources and performance information.

4 REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT

4.1 Each year the external auditor is required to provide a formal report to the elected members of the Council and the Controller of Audit on the audit of the Council for the latest financial year. The Auditor's Report for the 2013/14 financial year is attached as Appendix 1 to this report and covers each of the areas identified in paragraph 3.3 which are relevant to the auditor's role. The Auditor's report is a key document which informs members of significant matters affecting the Council's financial arrangements, governance and performance.

4.2 The Auditor's report is self explanatory and has been the subject of review and discussion with relevant senior officers prior to being finalised. On the whole the report is a positive one and it recognises the progress made by the Council on a number of fronts and the Council's compliance with relevant accounting and governance standards. Although there are no major areas of concern the report does highlight that the Council will continue to operate in a funding environment which is subject to sustained pressure to deliver more with less.

4.3 The Auditor's report identifies a number of actions which are already being worked upon and these will be addressed as shown in the action plan.

4.4 The External Auditors will be in attendance at the Scrutiny & Audit Committee should members wish to ask any specific questions on the content of their report.

5 2013/14 ANNUAL ACCOUNTS (INCLUDING AUDIT CERTIFICATE)

5.1 The Council achieved the statutory deadline for the submission of its draft accounts for audit (30 June 2014). The statements were prepared in accordance with the Local Authority Accounting Code of Practice. **The audit was completed with the issue of an unqualified audit opinion on 30 September 2014.** A copy of the 2013/14 audited Annual Accounts can be accessed at the following link:-

http://archive.angus.gov.uk/ccmeetings/reports-committee2014/scrutinyaudit/428%2013_14%20External%20Audit%20Process%20ISA%20260_App2.pdf

5.2 Members are asked to review and note the 2013/14 Annual Accounts and to formally acknowledge the content of the 2013/14 Audited Accounting Statements and the issue of the Audit Certificate with no qualifications, which means that the auditor is satisfied that the Council has operated a satisfactory standard of financial stewardship and corporate governance during 2013/14.

5.3 Although they are compliant with law and applicable standards, the Council's Accounts are complex and detailed and do not therefore lend themselves to review by most local citizens. In order, therefore, to present information on the financial performance of the council in a more straight forward format a summarised version of the accounts will be published. Once finalised the summarised accounts will be placed on the Council's website.

5.4 The total General Fund balance at 31 March 2014 for the Council is £23.019 million. £19.267 million of this sum is in relation to General Fund balances, £3.181 million for Housing Revenue Account and £0.571 million of other earmarked funds.

5.5 The General Fund balance of £19.267 million includes total commitments of £17.714 million e.g. DSM, contingency balance, budget carry forwards, earmarked resources, etc. This leaves an uncommitted General Fund balance at 31 March 2014 of £1.553 million as reported in the draft accounts.

6 ACKNOWLEDGEMENT

6.1 The Council is asked to formally record its appreciation of the expeditious manner in which the 2013/14 audit was conducted by the External Auditors. The support and assistance provided by staff throughout the council in the successful delivery of an unqualified Audit Certificate is also gratefully acknowledged.

7 FINANCIAL IMPLICATIONS

7.1 The cost of producing the Annual Accounts and summarised Annual Accounts is estimated to be £900. This cost can be contained in the 2014/15 Other Services revenue budget held for this purpose.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing this report.

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List of Appendices:

Appendix 1 – Audit Scotland's Annual Report on the 2013/14 audit