

**AUDIT AND GOVERNANCE COMMITTEE**

**26 September 2014**

**AUDITED STATEMENT OF ACCOUNTS 2013/2014**

**Report of the Head of Financial Resources**

**1.0 PURPOSE OF REPORT**

- 1.1 To present the Letter of Representation for 2013/2014, to receive the Audit Completion Report received from Mazars LLP concerning the financial statements for 2013/2014 and which also provides their opinion on both the Authority's Statement of Accounts and its arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money).
- 1.2 To provide an audited Statement of Accounts for 2013/2014. This has been revised to take into account the auditor's findings, for approval by members of the Committee. A complete list of the amendments will be provided to members at the meeting for information.

**2.0 DESCRIPTION OF DECISION**

- 2.1 Members are recommended to:
  - 2.1.1 Note the contents of the Letter of Representation - **Item 6 (i)**
  - 2.1.2 Note the contents of the Audit Completion Report - **Item 6 (ii)** provided by Mazars LLP.
  - 2.1.3 Approve the Amended Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2014 - **Item 6 (iii)**.

**3.0 BACKGROUND**

- 3.1 Mazars LLP, who are the Authority's external auditors, are required to report on the final accounts, and report other certain matters to Members prior to an opinion being provided on the Authority's accounts.
- 3.2 A Letter of Representation has to be prepared by the Head of financial Resources which sets out the principles used in preparing the accounts and provides the external auditor with the necessary assurances required by regulation (this is shown as **Item 6 i** on the agenda).

- 3.3 Mazars LLP has audited the financial statements of the Authority in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (ISA) issued by the Auditing Practices Board.
- 3.4 Once the Audit and Governance Committee has noted the contents of this communication, Mazars LLP can then formally provide an opinion on the Statement of Accounts for the year ended 31<sup>st</sup> March 2014.
- 3.5 In line with Auditing standards, Mazars LLP produces an Audit Completion Report, in which the auditor's opinion is that the financial statements present a true and fair view of the financial position of the Authority as at 31<sup>st</sup> March 2014 and its income and expenditure for the year then ended. The Audit Completion Report 2013/2014 is included as **Item 6 ii** on the Agenda.
- 3.6 The Statement of Accounts 2013/2014 has been amended to reflect a few minor adjustments following the audit. The revised Statement of Accounts 2013/2014 is set out at **Item 6 iii** on the agenda for approval. At the request of the Committee previously, a summary guide to the financial statements is to be tabled (Appendix A), which will set out the key messages from the financial statements in a more easy to understand format.
- 3.7 This communication is in addition to the Annual Audit Letter, which will continue to be presented to Cabinet, the Audit and Governance Committee and Council annually.

#### **4.0 KEY MESSAGES**

- 4.1 The full communication is included in the Audit Completion Report. The report is very positive and in summary shows that:
- the external auditors propose to issue an unqualified audit opinion;
  - most non-trifling misstatements have been adjusted by management and those not adjusted are set out with reasons accepted by the auditor in his Annual Audit Report;
  - the external auditors have not identified any material weaknesses in the accounting and internal control systems;
  - the external auditors have referred to a number of presentational issues they identified in relation to the qualitative aspects of the Council's financial reporting and reference is also made in the Letter of Representation but these are not considered to be significant;
  - the external auditors have not identified any matters required by international auditing standards that should be communicated to Members;
  - the external auditors have not identified any other relevant matters relating to the audit that need to be brought to Members attention;

- the external auditors have reported that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and propose to issue an unqualified value for money conclusion in respect of 2013/2014.

4.2 On the basis of the amendments agreed with the external auditors, Mazars LLP will formally provide an opinion on the amended Statement of Accounts, on or before the 30<sup>th</sup> September statutory deadline, by which time the Council is required to publish its Audited Statement of Accounts for 2013/2014.

