
EXTERNAL AUDIT ANNUAL REPORT

1 SUMMARY

1.1 This report introduces the external auditors annual audit report for 2011/12.

2 RECOMMENDATION

2.1 The external audit annual report for 2011/12 is noted.

3 DETAIL

3.1 The report is the summary of the external auditor's findings arising from the 2011/12 audit of Argyll and Bute Council. The report is addressed to the members and the Controller of Audit. The nature and scope of the audit were outlined in the Audit Plan presented to the Audit Committee in March 2012, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011. The purpose of the annual report is to summarise the audit opinion on the financial statements and to report any significant issues arising.

3.2 A number of reports have been issued in the course of the year in which recommendations for improvements were made and these have been reported or will be reported to the Audit Committee. Implementation of the actions in these reports is also monitored by the Audit Committee. This final report focuses on the financial statements and any significant findings from the wider audit review of Argyll and Bute Council. Appendix B of the report is an action plan setting out the high level risks we have identified from the audit.

3.4 The key findings are summarised below but members are requested to read the detailed report (attached) to gain full understanding of the findings of the external auditor.

- The external auditor has given an unqualified opinion that the financial statements of Argyll and Bute Council for 2011/12 give a true and fair view of the financial position and expenditure and income of the council and its group for the year.
- Financial management arrangements have operated effectively during the year.
- Overall, they are satisfied with the council's governance arrangements.
- Scotland's public bodies continue to face increasing demand and cost pressures for their services and this is likely to continue in the future.
- Argyll and Bute Council moves forward from a sound financial base in terms of reserves and control of expenditure and with clear plans to maintain financial stability.

- The Welfare Reform Act 2012 will bring about the biggest reform of the UK welfare system for 60 years. The introduction of the Universal Credit will have a significant impact on the Council's strategies and plans in areas such as housing, asset management, finance, ICT and customer services.

Bruce West
Head of Strategic Finance
1 November 2012