
EXTERNAL AUDIT ANNUAL REPORT

1 SUMMARY

1.1 This report introduces the external auditors annual audit report for 2012-13.

2 RECOMMENDATION

2.1 The external audit annual report for 2012-13 is noted.

3 DETAIL

3.1 The report is the summary of the external auditor's findings arising from the 2012-13 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 2013, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland. The purpose of the annual report is to summarise the audit opinions 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 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 Audit Scotland.

- The external auditor has given an unqualified opinion that the financial statements of Argyll and Bute Council for 2012-13 give a true and fair view of the financial position and expenditure and income of the council and its group for the year.
- The Council's financial management arrangements are sound.
- The Council's governance arrangements were adequate in 2012/13, except for the political arrangements which have not been effective. This is covered in the separate report by Audit Scotland.
- No material weaknesses in the accounting and internal control systems were identified during the audit although management have agreed some improvement actions.
- The report refers to the targeted Best Value audit work, on the Council's leadership and culture, specifically the effectiveness of councillor to councillor and councillor to officer working relationships

which is subject of a separate report.

- 3.5 There are 4 actions contained in the action plan and these relate to:
- The need to monitor potential exposure to future equal pay claims.
 - Changes in the audit requirements for charities administered by the Council.
 - The challenging financial outlook.
 - Potential risks where other councils are not yet approved for connection to the Public Service IT Network.

4 CONCLUSION

- 4.1 This report introduces and summarises the key points from the external audit annual report for 2012-13. Members are requested to read the detailed report to gain full understanding of the findings of Audit Scotland. An action plan has been prepared to address the issues raised by Audit Scotland.

5 IMPLICATIONS

- 5.1 Legal – None directly from this report
5.2 Policy - None directly from this report
5.3 Financial- None directly from this report
5.4 Human Resources- None directly from this report
5.5 Equalities- None directly from this report
5.6 Risk- None directly from this report
5.7 Customer Service- None directly from this report

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