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**FINANCIAL STATEMENTS – 2013/14**

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**1.0 SUMMARY**

- 1.1 This report advises the Audit Committee on the plans in place for financial year end 31 March 2014 and the preparation of the Council's Financial Statements for 2013-14.
- 1.2 Processes have been established over the last three years to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) on an on-going basis. There are no major changes in accounting practice for 2013-14.
- 1.3 A review was undertaken of the year end processes at the completion of the preparation of the Financial Statements for 2012-13 and a number of changes have been made to the yearend timetable and processes.

**2.0 RECOMMENDATION**

- 2.1 To note that plans are in place to ensure the Council's financial statements are prepared in compliance with the Accounting Code of Practice and submitted to the Council prior to 30 June 2014.

**3.0 BACKGROUND**

- 3.1 Guidance issued in 2013 by the Chartered Institute of Public Finance and Accountancy (CIPFA) "Audit Committees – Practical Guidance for Local Authorities" sets out good practice for audit committees. This includes responsibilities for overseeing the financial statements. In due course the Audit Committee will have sight of the unaudited and audited financial statements and the key matters arising from the external auditors review. It is considered appropriate, at this stage, to provide the Audit Committee with a report summarising the plans that have been made for preparation of the financial statements.
- 3.2 A set of instructions for the end of the financial year have been drafted. These cover year-end close down of the council's financial systems and the preparation of a set of accounts in line with professional and legislative requirements.
- 3.3 The project plan included with the instructions is detailed and includes the following milestones:

- Capital expenditure, capital charges and treasury management revenue accounts completed by 2 May.
- Revenue expenditure, creditors, debtors, accruals and prepayments completed by 30 April.
- Council Tax and NDR entries completed by 16 May.
- Review and adjustments to ledger and central department cost allocations Completed by 16 May.
- Preparation of unaudited single entity financial statements including report by Head of Strategic Finance by 6 June.
- Unaudited single entity financial statements considered by a meeting of the Full Council on 26 June. If the Group Accounts are ready by the Full Council Meeting they will also be considered by Members at this point in time.
- Submission of Unaudited Financial Statements to Accounts Commission by the statutory deadline of 30 June 2014

3.4 The review of the year end timetable and processes identified seven areas which had had an impact on compliance with the timetable for investigation:

- Asset valuations
- Loan Charges
- Bad Debt Provision
- Housing Benefit Overpayments
- Control Accounts
- Support Service Allocations
- Council Tax and Non Domestic Rates

3.5 Each of the areas was further investigated and adjustments have been made to either the timetable to reflect the dependencies of tasks or the process to try and ensure that the tasks are completed as per the timetable.

3.6 Previously external Audit has been satisfied with the quality of working papers and general arrangements for preparation of the financial statements. The plan should result in Financial Statements prepared by the required deadline of 30 June 2014 and with supporting documentation of a standard to enable completion of the audit by the required deadline of 30 September 2014.

3.7 Copies of both sets of instructions / timetables are available from the Head of Strategic Finance if required.

#### **4.0 CONCLUSION**

4.1 The review of the year end processes and timetable has resulted in a number of changes to these being implemented which should ensure that the Financial Statements are completed on time and that the working papers meet Audit Scotland's requirements.

#### **5.0 IMPLICATIONS**

5.1	Policy:	None at present
5.2	Financial:	None at present
5.3	Legal:	None at present
5.4	HR:	None at present
5.5	Equalities:	None at present
5.6	Risk:	None at present
5.7	Customer Service:	None at present

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