

AUDITED ACCOUNTS 2013-14

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the outcome of the External Auditors (Audit Scotland) audit of the Council's financial statements for 2013-14. The audited accounts incorporating the audit certificate are attached along with a set of summary accounts and a financial snapshot which can fit on a single sheet of paper all related to 2013-14 financial year.
- 1.2 The accounts were completed and submitted by the statutory date of 30 June 2014. The audit has been completed within the timescale of 30 September 2014, set by Audit Scotland. The audit certificate includes no qualifications. External Audit was able to conclude that the accounts represented a true and fair view of the Council's financial position at the 31 March 2014.
- 1.3 The significant changes made to the audited accounts were:
- An increase in the Equal Pay Provision of £0.368m
 - To provide for Standby Payments for Development and Infrastructure Services of £0.132m
- 1.4 The effect of these adjustments was to reduce the Surplus on the Provision of Services by £0.500m which reduced the General Fund Balance by a similar amount from £44.541m to £44.041m.
- 1.5 The external audit report identifies 2 errors where it was agreed not to amend the accounts. These would have reduced the General Fund Balance by £0.011m.
- 1.6 The financial position of the Council based on the audited accounts can be summarised as follows:
- Surplus on provision of services for 2013-14 £1.694m
 - Total assets less liabilities at 31 March 2014 £174.825m
 - General fund balance at 31 March 2014 £44.041m of which £29.454m was earmarked.
- 1.7 The audited accounts and terms of the audit certificate are noted and the summary accounts and financial snapshot are also noted.

AUDITED ACCOUNTS 2013- 2014

2. INTRODUCTION

- 2.1 The external auditors (Audit Scotland) have completed their audit of the Council's accounts for the year to 31 March 2014. The audited accounts incorporating the audit certificate for 2013-14 are attached. The audit certificate contains no qualifications.

3. RECOMMENDATIONS

- 3.1 The audited accounts and terms of the audit certificate are noted and the summary accounts and financial snapshot are also noted.

4. DETAIL

- 4.1 The audited accounts including the audit certificate are attached.
- 4.2 Also attached are a set of summary accounts and a financial snapshot which fits on a single sheet of paper. These are based on the audited accounts but have not been audited themselves.
- 4.3 The accounts were completed and submitted by the statutory date of 30 June 2014. The audit has been completed within the timescale of 30 September 2014, set by Audit Scotland.
- 4.4 The audit certificate on the Council's accounts for the year ended 31 March 2014 contains no qualification. External audit are able to conclude that the Council's accounts present a true and fair view of its financial position as at 31 March 2014.
- 4.5 Appendix 1 is a schedule of the significant changes to the accounts. The 2 significant adjustments to the accounts were as noted below. There were also a few presentation adjustments.
- An increase in the Equal Pay Provision of £0.368m.
 - An increase in the accrued expenditure in relation to standby pay for Development and Infrastructure Services staff of £0.132m.
- 4.6 The table below reconciles the changes from unaudited accounts to audited accounts for the Surplus on Provision of Services, the General Fund Balance and Total Assets less Liabilities.

	Surplus On Provision of Services £m	General Fund Balance £m	Total Assets Less Liabilities £m
Unaudited Accounts	2.194	44.541	175.325
Increase in Equal Pay Provision	(0.368)	(0.368)	(0.368)
Standby Provision for Development and Infrastructure	(0.132)	(0.132)	(0.132)
Audited Accounts	1.694	44.041	174.825

4.7 The committed funds within the General Fund Balance were £29.454m per the audited accounts. This leaves a free General Fund Balance of £13.669m. This equates to 5.6% of the Council's budgeted net expenditure for 2014-15 and exceeds the agreed contingency level approved as part of the 2014-15 budget process. In August 2014 the Policy and Resources Committee agreed the use of the free balance on the general fund be directed exclusively to the theme of economy and jobs and proposals to increase income / reduce costs for the Council with further reports to be brought forward setting out more detailed proposals.

4.8 The external audit report identifies 2 errors where it was agreed not to amend the accounts. These would have reduced the General Fund Balance by £0.011m. They comprise.

	£m
Under accrual of Creditors invoices	(0.011)
Provision for future restoration and aftercare costs for landfill sites - It was decided not to increase the value of landfill sites and create an offsetting provision to reflect the restoration and aftercare costs of landfill sites. Any impact on income and expenditure from changes to the discounted cash flow values of these costs would have been offset by statutory mitigation with no impact on the General Fund balance. Accordingly a view was taken these would not be material adjustments. The impact on the balance sheet would have been:	
• Property, Plant and Equipment	1.595
• Provisions	(1.595)
Net unadjusted error	<u>(0.011)</u>

5. CONCLUSION

5.1 This report advises members on the conclusion of the audit of the accounts. The external auditor's certificate is unqualified. The audit was completed within the required timescales. Minimal adjustments were made to the accounts during the audit process.

6. IMPLICATIONS

6.1	Policy –	None.
6.2	Financial -	None
6.3	Legal -	None.
6.4	HR -	None.
6.5	Equalities -	None.
6.6	Risk -	None.
6.7	Customer Service -	None.

Bruce West, Head of Strategic Finance
Dick Walsh Council Leader and Policy Lead for Strategic Finance

For further information please contact Bruce West, Head of Strategic Finance 01546-604151.

Appendix 1 – Summary of Main Changes to Financial Statements Arising from Audit

APPENDIX 1 – SUMMARY OF MAIN CHANGES TO FINANCIAL STATEMENTS ARISING FROM AUDIT

Section of Financial Statements Changes	Audited Accounts £000s	Unaudited Accounts £000s	Change £000s	Comments / Explanation
Comprehensive income & Expenditure Account (Pages 35-36 of audited accounts)				
Net cost of service	233,684	233,149	535 (Dr)	Increase in Equal Pay Provision of £400k and inclusion of a provision for Standby Pay of £132k for Development and Infrastructure Services. Re-classification of income from net cost of service to Interest and Investment Income
Total Financing and Investment Income and Expenditure	22,010	22,045	(35) (Cr)	Re-classification of £0.035m of income from net cost of service to Interest and Investment Income
(Surplus) / Deficit on Provision of Services	(1,694)	(2,194)	500 (Dr)	Net effect of above
Statement of Movement in Reserves (Pages 31-32 of audited accounts)				
(Surplus) / Deficit on Provision of Services	(1,694)	(2,194)	500 (Dr)	See Comprehensive Income and Expenditure Account above.
Increase / (Decrease) in General Fund Balance for the Year	2,097	1,597	500 (Dr)	Net effect of above
Balance on General Fund Carried Forward	(44,041)	(44,541)	500 (Dr)	Net effect of above
Balance Sheet (Page 37 of audited accounts)				
Current Liabilities - Provisions	(2,423)	(1,863)	560 (Cr)	Increase in Equal Pay Provision by £0.368m and new provision for Standby Pay of £0.132m. Re-classification of Provisions from Long Term to Current £0.060m
Long-term Liabilities - Provisions	(101)	(161)	60 (Dr)	Re-classification of Provisions from Long Term to Current £0.060m.
Total assets less liability	174,825	175,325	500 (Cr)	Net effect of above