

**FINANCIAL STATEMENTS 2014-15**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report advises the Audit Committee on the plans in place for financial year end 31 March 2015 and the preparation of the Council's Financial Statements for 2014-15.
- 1.2 As part of the review of the preparation of the 2013-14 Annual Accounts five areas were identified where improvements could be made and following a review of the processes changes have been made to improve the closedown in respect of 2014-15.
- 1.3 The Appendices to the report show the timetable for the closure of the general ledger and the plan and timetable for preparation of the final accounts.
- 1.4 The Committee is asked to note the content of the report.

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**2. INTRODUCTION**

- 2.1 This report advises the Audit Committee on the plans in place for financial year end 31 March 2015 and the preparation of the Council's Financial Statements for 2014-15.
- 2.2 Processes have been established 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 2014-15.
- 2.3 A review was undertaken of the year end processes at the completion of the preparation of the Financial Statements for 2013-14 and a number of changes have been made to the yearend timetable and processes.

**3. RECOMMENDATIONS**

- 3.1 To note that plans are in place to prepare the Councils financial statements, consistent with the Accounting Code of Practice and submit them to Council prior to 30 June 2015 in line with the Scottish Government's requirements.

**4. DETAIL**

- 4.1 "An Audit Committees – Practical Guidance for Local Authorities" has been issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This suggests that Audit Committees should have an overview of the plans made for preparation of the council's financial statements.
- 4.2 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.
- 4.3 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 17 April.
  - Revenue expenditure, creditors, debtors, accruals and prepayments completed by 1 May.
  - Council Tax and NDR entries completed by 17 May.
  - Review and adjustments to ledger and central department cost allocations Completed by 17 May.

- Preparation of unaudited single entity financial statements including report by Head of Strategic Finance by 8 June.
- Unaudited single entity financial statements considered by a meeting of the Full Council on 28 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 2015.

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

- Asset valuations
- Housing Benefit Overpayments
- Control Accounts
- Support Service Allocations
- Council Tax and Non Domestic Rates

4.5 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.

4.6 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 2015 and with supporting documentation of a standard to enable completion of the audit by the required deadline of 30 September 2015.

4.7 The General Ledger Closedown Timetable is included as Appendix 1 and Appendix 2 is the Final Accounts Preparation Plan and Timetable.

## **5. CONCLUSION**

5.1 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.

**6. IMPLICATIONS**

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

**Steve Barrett, Head of Strategic Finance**

**Dick Walsh Council Leader and Policy Lead for Strategic Finance**

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Appendix 1 – General Ledger Closedown Timetable

Appendix 2 - Final Accounts Preparation Plan and Timetable