

 Finance and Audit Scrutiny Committee 7 May 2014		Agenda Item No. 4
Title	Reports from External Auditors	
For further information about this report please contact	Mike Snow (01926) 456800	
Service Area	Finance	
Wards of the District directly affected	None specifically	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers	None	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Deputy Chief Executive		
Chief Executive	22 April 2014	Chris Elliott
CMT		
Section 151 Officer	22 April 2014	Mike Snow
Legal		
Finance	22 April 2014	Mike Snow
Portfolio Holder(s)	22 April 2014	Andrew Mobbs
Consultation Undertaken		
.		
Final Decision?	Yes/No	
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report asks the Committee to consider the Audit Plan for auditing the 2013/14 Accounts from the external auditors; and if necessary agree any further information required from either officers or the Council's Auditors. The Council's External Auditors, Grant Thornton, will attend the Finance and Audit Scrutiny Committee for this item.
- 1.2 Grant Thornton have also issued details of the Grant Certification work, a Guide to Local Authority Accounts, an Audit Committee Update and the proposed 2014/15 audit fees which are also presented for the Committee to consider.

2. **RECOMMENDATION**

- 2.1 The Committee considers the Audit Plan 2013/14 report attached, and agrees any further information required from either officers or the Council's Auditors.
- 2.2 The Committee considers the Grant Certification work plan, and agrees any further information required from either officers or the Council's Auditors
- 2.3 The Committee note the Guide to Local Authority Accounts prepared by Grant Thornton.
- 2.4 The Committee note the Audit Committee Update provided by Grant Thornton.
- 2.5 The Committee note the proposed fee for the 2014/15 audit.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 The Audit Plan and the Grant Certification work plan are both presented to aid understanding of the role of the Council's external auditors.
- 3.2 Grant Thornton have also recently issued "A Guide to Local Authority Accounts". This guide is designed to help members of audit committees discharge their responsibilities for the financial statements. It aims to help them understand and challenge the accounts, supporting notes and other statements. As referred to in paragraph 8.5 below, the Statement of Accounts will be submitted to Finance and Audit Committee in July ahead of being audited, and then to Council in September (when this committee will review the outcome of the audit). Accordingly, this Guide is being submitted to the Committee now rather than awaiting it being presented to the Committee alongside the Accounts in July.
- 3.3 The auditors have also prepared an "Audit Committee Update" report. This reports seeks provide information on current issues so as to update members.
- 3.4 Details of the proposed audit fees for 2014/15 are discussed in paragraph 5.3.

4. **POLICY FRAMEWORK**

- 4.1 By considering the documents, members can see how external audit can assist the Council in its priority of managing the Councils resources effectively and ensuring its services are of a high quality.

5. BUDGETARY FRAMEWORK

- 5.1 The fee charged for the Annual Audit of the Accounts, and associated work is £70,597, excluding grant claims with an indicative fee of £10,880. Details of the fees are set out in the Planned Audit Fee letter from Grant Thornton.
- 5.2 For 2012/13 the main fee was £70,597 and £10,850 for grant claims.
- 5.3 Details of the proposed fees for 2014/15 are also attached. These are proposed to be £70,597 for the main fee and £8,530 for grant work. Whilst the freezing of the main fee is welcomed, it should be noted that the Council is seeking to reduce to reduce this budget by 2.5% in line with reductions to other budgets. Officers will consider further the implications of this on the Council's overall budget and will report back to members as necessary. The reduction in the fee for grant claims reflects the NNDR3 and Council Tax Benefits claims no longer now being subject to needing specific agreement by External Audit.

6. RISKS

- 6.1 The audit of the accounts and associated grant claims seeks to provide assurance to all stakeholders that the Council's finances, as reported in the Accounts, are being properly managed.

7. ALTERNATIVE OPTION CONSIDERED

- 7.1 None.

8. BACKGROUND

- 8.1 The auditors have issued the Audit Plan 2013/14.
- 8.2 The Audit Plan details the work the auditors will be undertaking in considering the 2013/14 Accounts.
- 8.3 Finance will be issuing the Final Accounts report to the Executive in June. This report details the overall position for the Council's revenue and capital expenditure compared to budget, and how this is financed.
- 8.4 The Statement of Accounts is due to be signed off by the Council's Responsible Finance Officer before the end of June. The Statements include the Income and Expenditure Account and the Balance Sheet and are required to comply with the Statement of Recommended Practice. The Council will need to approve the Statement following the completion of the Audit, before the Statements are formally published at the end of September 2013.
- 8.5 The Auditors will report to the Finance and Audit Scrutiny Committee before the end of September ahead of issuing their opinion of the accounts. This meeting is scheduled for 23rd September. In addition, it is intended to report the pre-audit Statement to Finance and Audit Scrutiny Committee in July.