

19 September 2013		ITEM: 7
Standards & Audit Committee		
Audit Results Report For The Year Ended 31 March 2013		
Report of: Sean Clark, Head of Corporate Finance		
Wards and communities affected: All	Key Decision: Non-key	
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: Graham Farrant, Chief Executive		
This report is Public		
Purpose of Report: To present to the Committee the draft Audit Results Report for the Year Ended 31 March 2013 that sets out the key findings of the audit by our external auditors, Ernst and Young.		

EXECUTIVE SUMMARY

Members of the committee will be aware that the Council has had significant difficulties in closing the accounts in previous years and have always been faced with a significant number of changes and criticisms at this stage of the reporting cycle.

I am pleased that this report demonstrates that there has been a considerable improvement in the quality of both the statement itself and the working papers although officers do accept that we can get better still.

1. RECOMMENDATIONS:

- a) That the Standards and Audit Committee consider the comments of our external auditors as set out in the attached report and note their findings.**

2. INTRODUCTION AND BACKGROUND

- 2.1. Members have received numerous reports over the last two years on the difficulties that the Council has experienced in completing the financial accounts and the issues identified in the subsequent audit.
- 2.2. More recently, Members of this committee have receiving reports giving assurance of improvements that have been made in these processes. This included a report at the June meeting on material changes within certain figures in the 2012/13 financial statement, including being able to report that the Council's external auditors, Ernst and Young, have already been able to review some aspects in advance.

- 2.3. Officers followed this report in July with a copy of the draft Annual Governance and draft Financial Statement, both of which have been the subject of audit over recent weeks.
- 2.4. This report sets out the External Auditor's findings and officers are pleased to note that the auditors:
- a) Recognise a significant improvement in the quality of the accounts and the working papers;
 - b) Intend, subject to completing the audit, give an unqualified opinion on the Financial Statement; and
 - c) Intend, subject to completing the audit, give an unqualified opinion on the Value for Money assessment.
- 2.5. The report sets out some amendments that the Council has had to make. These are largely misstatements - figures against the incorrect heading as opposed to figures actually being wrong. Officers have agreed to amend these and these changes are reflected in the statement appended to this report.
- 2.6. There is one amendment that the Council is refusing to make and that is the treatment of the deferred cost of setting up the waste contracts in 2009/10 that are being charged to the revenue account over the period of those contracts. External audit disagreed with this approach in 2009/10 but have not insisted on a change as the amount in question is below materiality levels. Officers still believe that the approach is fair and reasonable and so this will remain an annual comment until such time as the full amount has been charged to revenue.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1. Although the report is significantly more positive than previous years, there are still areas identified for further improvement. Officers will learn from these and integrate into the closure process for 2013/14.

4. REASONS FOR RECOMMENDATION:

- 4.1. For the committee to note the findings of the external auditors and have mind to these findings when considering the Annual Governance Statement and Financial Statement later on the agenda.

5. CONSULTATION (including Overview and Scrutiny, if applicable)

- 5.1. All services and senior management have been consulted in the compilation of both of these documents.

6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

6.1. The level of resources and how they are allocated will affect the amounts available towards the Council's overall aims and objectives.

7. IMPLICATIONS

7.1. Financial

Implications verified by: **Sean Clark**
Telephone and email: **01375 652010**
sclark@thurrock.gov.uk

As this report recommends no changes to useable reserves there are no specific financial implications from this report.

7.2. Legal

Implications verified by: **David Lawson**
Telephone and email: **01375 652087**
dlawson@thurrock.gov.uk

There are no direct legal implications arising from this report.

7.3. Diversity and Equality

Implications verified by: **David Lawson**
Telephone and email: **01375652087**
dlawson@thurrock.gov.uk

There are no specific implications from this report.

7.4. Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

There are no specific implications from this report.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- There are various working papers within accountancy.

APPENDICES TO THIS REPORT:

- Appendix 1 – The Ernst and Young Audit Results Report for the Year Ended 31 March 2013

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