

16 September 2014		ITEM: 7
Standards & Audit Committee		
Audit Results Report for the Year Ended 31 March 2014		
Wards and communities affected: All	Key Decision: Non-Key	
Report of: Sean Clark, Head of Corporate Finance		
Accountable Head of Service: Report of: Sean Clark, Head of Corporate Finance		
Accountable Director: Graham Farrant, Chief Executive		
This report is Public		

Executive Summary

This report details the findings of external auditors from their review of the 2013-14 financial statements.

I am pleased the report demonstrates further improvement in the quality of the financial statements and the working papers supporting them. Officers have worked effectively with all members of the external audit team to resolve queries in an efficient and timely manner.

1. Recommendation(s)

1.1 That the Standards and Audit Committee consider the comments of the external auditors as set out in the attached report and note their findings.

2. Introduction and Background

2.1 The Council has continued to work effectively with external audit to build on the positive improvements noted in the 2012-13 financial statements. The issues identified in the prior year have been addressed and the overall quality of the financial statements has been reviewed and improved in 2013-14.

2.2 This report sets out the External Auditor's findings and officers are pleased to note that the auditors:

a) Recognise a continued 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.

2.3 The report refers to two events arising after the balance sheet date which, if material, would have required amendment in the financial statements. These were:

- (i) Pension asset valuation – The Essex Pension Fund were notified that some property assets included within the asset base of the overall Local Government Pension Fund were incorrectly valued. Hence the Council were notified of revised figures in respect of this. The total error identified was that property assets attributable to the Council were undervalued by a £1.2m. This would reduce the overall liability of the Council but has not been amended by the Council as it is not material to the financial statements and there is no impact on revenue reserves. It will be reflected in the 2014-15 valuation and is noted for information to members of the committee.
- (ii) Valuation of the former Development Corporation assets – the Council received a valuation report following the completion of the financial statements which identified an additional £3.2m on the valuation of assets transferred from the former Development Corporation. No amendment has been made to the 2013-14 financial statements as the amount is not material and there is no impact on the revenue reserves of the Council. However this will be reflected in 2014-15 financial statements. It is noted for information to members of the committee.

3. Issues, Options and Analysis of Options

3.1 There are no issues arising from this report but officers will consider the findings from this report.

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 this document.

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**
Head of Corporate Finance

The statements are largely governed by the Code. Apart from reporting the Council's financial position as at 31 March 2013, there are no financial implications arising directly from this report.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal Services

There are no specific implications from this report.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

There are no specific implications from this report.

7.4 Other implications

There are no specific implications from this report.

8. Background papers used in preparing the report

- There are various working papers within Corporate Finance.

9. Appendices to the report

- None – both statements will be circulated to members following the meeting.

Report Author:

Sean Clark
Head of Corporate Finance
Corporate Finance