

FALKIRK COUNCIL

Subject: ANNUAL REPORT ON 2013/14 AUDIT
Meeting: AUDIT COMMITTEE
Date: 15 December 2014
Author: CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 Members will be aware that the appointed auditors, Audit Scotland, are required to produce an annual report on matters of significance that have arisen out of the audit process and this is attached as Appendix 1. Fiona Mitchell-Knight, the Assistant Director responsible for the audit and Jim Rundell, the Senior Audit Manager involved in the audit, will be in attendance to present the annual report. My comments on the Auditor's Report are detailed below.

2. 2013/14 AUDIT

2.1 Audit Opinion

The unaudited accounts were issued on 23 June 2014 and the audited accounts were authorised for issue on 22 September 2014, both dates in compliance with legislative requirements. The Auditor's certificate is free from qualification. Copies of the accounts have been sent to interested parties, their availability advertised in the local press and they have been posted on the Council's website.

2.2 Audit Report

The Report highlights a number of points, the most significant of which are detailed below:-

- The Council spent £1.8m more than was budgeted due to a contribution to funds, approved after the budget was set in February 2013.
- The closing General Fund balance was £30.8m of which £5.1m relates to HRA. £18.5m of the total balance is earmarked with £12.3m uncommitted. The report acknowledges that the medium term financial strategy anticipates a reduced level of reserves. The Auditor states that the Audit Scotland publication 'An Overview of Local Government in Scotland 2014' highlights that 'Councillors in particular need good information about movements in earmarked funds, to assist their full understanding of the Council's overall financial position' (See Recommendation 1). The Council will review its reserve strategy in January 2015.
- Total capital expenditure for the year was £82.3m which was £13.5m under budget. The Council has undertaken a review of the profile of the more significant projects which have slipped and re-scheduled those projects as appropriate (See Recommendation 2).
- The Auditor has acknowledged that Management has recognised the difficult decisions the Council will face over the medium term and that we have recognised the need for a multi-year approach to budgeting (See Recommendation 3).
- It was noted that systems of internal control were operating satisfactorily during 2013/14.

- The Auditor acknowledged the planned review of the decision making structures and highlighted the importance of this area.
- The Auditor noted that the Council are on track to submit their Health and Social Care integration scheme by 1 April 2015 and implement full integration by 1 April 2016.
- The Auditor noted that Falkirk Council is well sighted on the welfare reform agenda and is proactive in putting arrangements in place to mitigate the impact of welfare reform locally.
- Whilst it was noted that positive steps had been taken to improve risk management, it was highlighted that the corporate risk register requires updating and that the Audit Committee should be regularly updated of changes to risk management arrangements (See Recommendation 6).

3. ACTION PLAN

- 3.1 Also included in the Audit Scotland report are six agreed recommendations. Progress on implementing the agreed actions will be reported to the Audit Committee in due course.

4. CONCLUSION

- 4.1 The audit of the Council's accounts for 2013/14 has now been formally concluded. The action plan arising from the audit process has been agreed and will be monitored to ensure completion within the agreed timescales.

5. RECOMMENDATION

- 5.1 Members are invited to note the Annual Report on the 2013/14 Audit

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Chief Finance Officer

Date: 3 December 2014

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LIST OF BACKGROUND PAPERS

Nil