

FALKIRK COUNCIL

Subject : ANNUAL REPORT ON 2008/09 AUDIT
Meeting : AUDIT COMMITTEE
Date: 16 November 2009
Author : DIRECTOR OF FINANCE

1. INTRODUCTION

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. International Standard on Auditing 260 (ISA 260) "Communication of audit matters to those charged with governance" requires auditors to communicate matters relating to the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. Audit Scotland's report on this is attached as Appendix 2. A copy of the audited accounts are attached as Appendix 3. Mark Taylor, the Assistant Director responsible for the audit and Bruce Crosbie, the Senior Audit Manager involved in the audit, will be in attendance to present the report. My comments on the Auditor's Report are detailed below.

2. 2008/09 AUDIT

Audit Opinion

The unaudited accounts were issued on 26 June 2009 and the audited accounts were authorised for issue on 30 September, both dates in compliance with legislative requirements. The Auditor's certificate is free from qualification. Copies of the accounts have been sent to interest parties, their availability advertised in the local press and have been posted on the Council's website.

Audit Report

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

- The Council generated a deficit of £0.641m within the General Fund, after making a further contribution of £1.000m to the provision for equal pay liabilities. This was very close to the planned deficit of £0.500m. Within the Housing Revenue Account actual expenditure was £0.792m lower than taken into account in setting the budget. Therefore, the combined variation was a favourable movement of £0.651m, leading to year-end reserves of £5.648m on the General Fund and £6.543m on the HRA. There are other earmarked elements of the General Fund which amount to £25.203m of which the reserve for the NPDO project of £19.292m is the most significant. General reserves are at the lower end of the target range.

- The performance indicators within the second Single Outcome Agreement provide a good basis from which to measure performance, although it is suggested that attention be focused on more strategic outcome measures.
- Work to implement the best value improvement plan is progressing well, but further effort is required to realise the full benefit envisaged.
- The auditor's report recognises that the anticipated constraints on public expenditure will pose challenges for the Council in matching service requirements with available resources.
- The inclusion in the Accounts of a comprehensive Annual Governance Statement is welcomed.
- The Auditor notes the Council's decision to utilise the Scottish Performance Improvement Framework to assist in achieving the improvement agenda

3. ACTION PLAN

Also appended to the Audit Scotland report are four agreed action points. Progress on implementing the agreed actions will be reported to the Audit Committee.

4. CONCLUSION

The audit of the Council's accounts for 2008/09 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

Members are invited to note the Annual Report to Members on the 2008/09 Audit.

Director of Finance

Date : 5 November 2009

BACKGROUND PAPERS

Nil

