

**FALKIRK COUNCIL**

**Subject : ANNUAL REPORT ON 2009/10 AUDIT**  
**Meeting : AUDIT COMMITTEE**  
**Date: 15 November 2010**  
**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. 2009/10 AUDIT**

**Audit Opinion**

The unaudited accounts were issued on 28 June 2010 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 achieved a surplus of £1.127m within the General Fund, creating year-end reserves of £6.775m which is within the target range of £5.5m to £7.5m set out in the Council's reserve strategy. Spending within the HRA was £0.801m less than planned with year-end reserves amounting to £5.934m. There are other earmarked elements of the General Fund amounting to £25.45m as at March 2010, almost £21m of which is in respect of a contribution of £24m to the NPDO schools project which will be paid in March/April next year.
- The auditor's report welcomes the Council's work on an Annual Governance Statement and identifies scope to improve disclosure in respect of other entities within the Council's group structure.
- The auditor notes the current composition of the Audit Committee and the process currently underway to appoint a lay member to undertake the role of Convener of the Committee.
- The auditor notes the work which the Council has undertaken to prepare for the challenges which will result from reductions in government grant.
- The Council's progress on asset management is acknowledged although further work is required.

- The auditor notes developments and challenges associated with a range of other initiatives including the development of the Public Service Improvement Framework, procurement capability and the Single Outcome Agreement outcomes and indicators.

### **3. ACTION PLAN**

Also appended to the Audit Scotland report are seven 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 2009/10 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 2009/10 Audit.**

**Director of Finance**

**Date : 1 November 2010**

### **BACKGROUND PAPERS**

Nil