

FALKIRK COUNCIL

Subject : ANNUAL REPORT ON 2010/11 AUDIT
Meeting : AUDIT COMMITTEE
Date: 31 October 2011
Author : CHIEF FINANCE OFFICER

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 is 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. 2010/11 AUDIT

Audit Opinion

The unaudited accounts were issued on 30 June 2011 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 interested parties, their availability advertised in the local press and they have been posted on the Council's website.

Audit Report

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

- The Council achieved a surplus of £4.767m within the General Fund, creating year-end reserves of £11.330m which is in excess of the target range of £6.8m to £9.5m set out in the Council's reserve strategy. Spending within the HRA was £1.567m less than planned with year-end reserves amounting to £6.392m. There are other earmarked elements of the General Fund amounting to £18.994m as at March 2011, of which £10.350m is in respect of the final contribution to the NPDO schools project.
- The auditor recognises the significant input of resources required by the Council to achieve the transition to International Financial Reporting Standards (IFRS) based financial statements and acknowledges that council officers have responded well to this challenge.
- The auditor notes the Council's progress in developing its approach to asset management
- The auditor notes that progress has been made in the Council's procurement strategy, although further work is required to achieve an improved performance level.
- The auditor notes continued progress in relation to the Council's Workforce Strategy.
- The auditor acknowledges the work the Council has undertaken to prepare for the challenges associated with the Scottish Government's Spending Review and notes that significant budget reductions will be required in future years.

3. ACTION PLAN

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

4. CONCLUSION

The audit of the Council's accounts for 2010/11 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 2010/11 Audit.

Chief Finance Officer

Date : 19 October 2011

BACKGROUND PAPERS

Nil