

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**GENERAL PURPOSES COMMITTEE**

**01 September 2014**

**Report of the Director of Finance and Transformation**

**Part 1- Public**

**Delegated**

**1 EXTERNAL AUDITORS REPORT ON THE OUTCOME OF THE AUDIT OF THE STATEMENT OF ACCOUNTS 2013/14**

**Members are invited to endorse and approve the External Auditors Report on the outcome of the audit of the Statement of Accounts for 2013/14. In addition, the Chairman is invited to countersign the Letter of Representation prepared by the Director of Finance and Transformation. This report is to be approved prior to the Engagement Lead signing off the Accounts. The Engagement Lead and or his representative will be at the meeting to present the report and to answer questions.**

**1.1 Introduction**

1.1.1 Our external auditor (Grant Thornton UK LLP) is required to issue a report to those charged with governance covering, amongst other things, the outcome of the audit of the Accounts, and for this to be endorsed and approved before the Accounts are signed off. Under the Council's constitutional arrangements it is this Committee that is charged with governance for this purpose.

1.1.2 In accordance with this requirement, the External Auditor's Report on the outcome of the audit of the Statement of Accounts 2013/14 is attached at **[Annex 1]**. The Engagement Lead and or his representative will be at the meeting to present the report and to answer questions.

**1.2 Conclusions and Recommendations**

1.2.1 Members will note there are no material issues that need to be brought to the attention of the Committee and that the Engagement Lead anticipates being able to issue an unqualified audit opinion on the financial statements and value for money conclusion.

1.2.2 For completeness and in accordance with best practice it is recommended that the Chairman countersign the Letter of Representation **[Annex 2]** that I have prepared. Accordingly, there is a statement at the end of the letter which reads:

*"I can confirm that this letter has been discussed and agreed by the General Purposes Committee on 1 September 2014".*

- 1.2.3 If Members agree with the above the countersigned letter will be handed to the Engagement Lead or his representative at the meeting.

### 1.3 Statement of Accounts

- 1.3.1 As noted at paragraph 1.2.1, I am pleased to report that there was no material or significant issues that need to be brought to the attention of the Committee following the audit. However, the Audit Report does contain an action plan at Appendix 1 with one recommendation. My response to this is as follows:-

<b>Rec No.</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management response</b>	<b>Implementation date &amp; responsibility</b>
1	The Council now performs an annual exercise to assess if the carrying value of assets not subject to formal external revaluation differs materially from fair value. We recommend that in future years the Council obtains input from an external valuer to inform this review.	Significant deficiency (risk of significant misstatement)	New procedural guidelines to be drafted and implemented for 'interim' valuations to involve external valuers certification of procedure.	For 14/15 Valuations by Principal Accountant

- 1.3.2 The revised statement does include a small number of minor technical or textual changes. I do not propose circulating copies of the audited Accounts to all Members but, for completeness, I will be asking the Chairman to sign a copy of the audited Accounts for 2013/14. If Members so wish, updated copies may be obtained by contacting my Chief Financial Services Officer, Neil Lawley or my Principal Accountant, Paul Worden, who will be pleased to supply copies and answer any questions you may have.
- 1.3.3 With regard to value for money it was found that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014. Members will note the overall VFM conclusion within the report which states:-

*“On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.”*

## **1.4 Legal Implications**

- 1.4.1 There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts which will be addressed as we move through the closedown process.

## **1.5 Financial and Value for Money Considerations**

- 1.5.1 The cost of the work carried out is as notified to us in the 2013/14 Audit Plan.

## **1.6 Risk Assessment**

- 1.6.1 The Statement of Accounts is a statutory document and, therefore, failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescale could lead to qualification of the Accounts.

## **1.7 Equality Impact Assessment**

- 1.7.1 See 'Screening for equality impacts' table at end of report

## **1.8 Recommendations**

- 1.8.1 Members are **RECOMMENDED** to:
- 1) Approve the External Auditors Report on the outcome of the audit and action plan of the Statement of Accounts 2013/14 **[Annex 1]**.
  - 2) Request that the Chairman countersign the Letter of Representation **[Annex 2]**.
  - 3) Request that the Chairman sign the Accounts in the appropriate place.

Background papers:

Nil

contact: Neil Lawley  
Paul Worden

Sharon Shelton  
Director of Finance and Transformation

<b>Screening for equality impacts:</b>		
<b>Question</b>	<b>Answer</b>	<b>Explanation of impacts</b>
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	N / A	This deals with the requirement for the Engagement Lead to present a report on, amongst other things, the outcome of the audit of the Council's Accounts.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	N / A	
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		N / A

*In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.*