

# **WEST DUNBARTONSHIRE COUNCIL**

## **Report by Executive Director of Corporate Services**

**Audit and Performance Review Committee: 25 September 2012**

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### **Subject: Audit of Final Accounts 2011/12**

#### **1. Purpose**

- 1.1** To advise Committee of Audit Scotland's findings in relation to the audit of the Financial Statements for 2011/12.

#### **2. Recommendations**

- 2.1** The audit of the financial statements is on track to produce an unqualified audit opinion in relation to the Council's final accounts for 2011/12.
- 2.2** The Committee is invited to note the findings of the audit of the financial statements as detailed in Audit Scotland's report dated 25 September 2012.

#### **3. Background**

- 3.1** In accordance with the International Standard on Auditing 260 (ISA260), auditors are required 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, if required, to be taken.

#### **4. Main Issues**

- 4.1** Audit Scotland has issued a report dated 25 September 2012 which details the main issues arising from the audit of the financial statements. The full report is appended to this report (Appendix 1) and David McConnell, Assistant Director of Audit from Audit Scotland, will be in attendance to present the findings of the report.
- 4.2** The report identifies a number of improvement recommendations these, together with management responses ("resolutions" in the report).
- 4.3** A copy of the draft letter of representation which the Head of Finance and Resources is required to sign and submit to Audit Scotland is also attached as Appendix 2.
- 4.4** The Audit Opinion is detailed on page 5 of the report which advises that Audit Scotland expect to issue an unqualified opinion on the Council's annual financial statements.
- 4.5** The draft (unaudited) financial statements for 2011/12 were sent to Members during August 2012.

**4.6** A full report on the audited Final Accounts will be presented to Council on 19 December 2012.

**4.7** The adjustments made to the General Fund in the draft accounts have resulted in an increase to the annual surplus of £0.044m. This is made up of:

|   | £m                    |
|---|-----------------------|
| Income previously omitted has now been recognised   | (0.240)               |
| Error in the allocation of income to the General Fund, which should have been allocated to a suspense account | 0.196                 |
| <b>Net Change</b>   | <b><u>(0.044)</u></b> |

## **5. People Implications**

**5.1** There are no people implications.

## **6. Financial Implications**

**6.1** Although agreement has been reached during the audit on a number of presentational changes to the draft accounts, the unearmarked balance of £4.200m that was reported in the draft accounts remains unchanged. However, the balance of funds over the prudential target transferred to the modernisation fund (per the Council decision on 20 June 2012) has been increased by £0.044m, from £0.622m to £0.666m.

## **7. Risk Analysis**

**7.1** There was no requirement to carry out a risk analysis.

## **8. Equalities Impact Assessment**

**8.1** There was no requirement to carry out an equality impact assessment.

## **9. Consultation**

**9.1** The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.

**9.2** The draft Financial Statements 2011/12 has followed the required procedure for advertising and public inspection.

## **10. Strategic Assessment**

**10.1** The report is for noting and, therefore, does not directly affect any of the strategic priorities.

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**Angela Wilson**  
**Executive Director of Corporate Services**  
**Date: 19 September 2012**

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**Appendix:** Appendix 1 – Audit Scotland’s report on the audit of the  
financial statements 2011/12

Appendix 2 - Draft Letter of Representation

**Background Papers:** Report on Revised Draft Annual Accounts 2011/12

**Wards Affected:** All