

<b>Report of:</b>	<b>Head of Finance</b>
<b>Contact Officer:</b>	<b>Louise Hill</b>
<b>Telephone No:</b>	<b>01543 464710</b>
<b>Portfolio Leader:</b>	<b>Corporate Improvement</b>
<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Audit &amp; Governance only</b>

**AUDIT AND GOVERNANCE COMMITTEE**  
**24 SEPTEMBER 2013**  
**EXTERNAL AUDIT OF THE STATEMENT OF ACCOUNTS 2012/13**

**1 Purpose of Report**

- 1.1 To report the process for the approval of the audited statement of accounts for the financial year ended 31 March 2013.

**2 Recommendations**

- 2.1 That members note the contents of the report with reference to the separate reports elsewhere on the agenda covering:
- a) The Audit Findings for Cannock Chase District Council;
  - b) Statement of Accounts 2012/13.

**3 Key Issues and Reasons for Recommendation**

- 3.1 The Council is required to publish its accounts, including the auditor's report by 30 September each year.

**4 Relationship to Corporate Priorities**

- 4.1 The annual Statement of Accounts is an important part of the Council's corporate governance arrangements which cut across all of the Council's priorities.

**5 Report Detail**

- 5.1 The approval process for the Statement of Accounts requires the accounts to be certified by the Section 151 Officer (Head of Finance) by the 30 June as providing a true and fair view of the financial position of the Council as at the 31 March 2013. The accounts are then audited and considered by Audit and Governance Committee alongside the 'Audit Findings' report by 30 September.
- 5.2 External Auditors are required to report the matters arising from their audit of the financial statements via the 'Audit Findings' report to Audit and Governance Committee before they are able to provide an opinion which will enable the accounts to be published.
- 5.3 A number of minor amendments have been made in respect of the presentation and classification of information contained in the notes however the changes do not affect the financial position of the Council.
- 5.4 The Council's external auditors have a duty to report to those charged with governance those issues arising from the audit of the financial statements of Cannock Chase District Council.
- 5.5 The auditors who must provide a representation in terms of their integrity, objectivity and independence will review and report on the following issues:
- Qualitative aspects of financial reporting
  - Misstatements within the accounts
  - Material weaknesses in internal control
- 5.6 The contents of the report and in particular any misstatements and recommendations for future improvements are discussed with officers following the audit and the accounts amended accordingly.
- 5.7 The 'Audit Findings' report forms a separate item on the agenda and details the changes made and recommendations for performance improvement.
- 5.8 Members should note that the report also provides an assessment of the arrangements put in place to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).
- 5.9 As part of the formal audit conclusion process, the Responsible Financial Officer is required to submit the attached Management Representation Letter (Appendix 1) to the Appointed Auditor having obtained acknowledgement by the Audit and Governance Committee.

**6 Implications****6.1 Financial**

None

**6.2 Legal**

None

**6.3 Human Resources**

None

**6.4 Section 17 (Crime Prevention)**

None

**6.5 Human Rights Act**

None

**6.6 Data Protection**

None

**6.7 Risk Management**

None

**6.8 Equality & Diversity**

None

**6.9 Best Value**

None

**7 Appendices to the Report**

Appendix 1 – Management Representation Letter

**Previous Consideration – Nil**

**Background Papers - File available in Financial Services**

APPENDIX 1

Grant Patterson  
Grant Thornton UK LLP  
Colmore Plaza  
20 Colmore Circus  
Birmingham  
B4 6AT

24 September 2013

Dear Sirs

Cannock Chase District Council

Financial Statements for the year ended 31 March 2013

This representation letter is provided in connection with the audit of the financial statements of Cannock Chase District Council for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i. We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code") as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii. We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.

- iii. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iv. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- v. We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the code requires adjustment or disclosure have been adjusted or disclosed.
- ix. We have not adjusted the misstatements brought to our attention in the Audit Findings report, which are considered to be immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- x. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xi. We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

## Information Provided

- xii. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xiii. We have communicated to you all deficiencies in internal control of which management is aware.
- xiv. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xv. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xvi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xvii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xviii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xix. We have disclosed to you the entity of the Council's related parties and all the related party relationships and transactions of which we are aware.

## Annual Governance Statement

- xx. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Approval**

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 24 September 2013.

**Signed on behalf of the Audit Committee**

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....