
AUDIT OF ACCOUNTS 2013-14

SUMMARY REPORT

Purpose of Report

1. This report provides information on the outcome of the audit of the Council's 2013-14 Accounts and value for money assessment. Approval is sought to conclude the accounts based on officers recommendations, with regard to issues arising from the audit.

Summary

2. In accordance with statutory requirements the Council's external auditors, PricewaterhouseCoopers (PwC), have audited the accounts. The auditors are required by the Audit Commission's Code of Audit Practice and International Standard of Auditing number 260 (ISA 260) to report to Members issues arising from the accounts audit. PwC's report is attached at **Annex 1** and will be presented by a representative from PwC.
3. The auditors' ISA 260 report covers their audit of the Council's 2013-14 financial statements and work they have undertaken to determine whether the Council is providing Value for Money under the Code of Audit Practice.

Recommendation

4. It is recommended that:-
 - (a) The Auditor's ISA 260 report on the Council's 2013-14 financial statements be noted;
 - (b) The accounts be not adjusted in respect of the items listed in the main report.
 - (c) The Audit Committee is requested to approve the attached IFRS compliant Statement of Accounts at **Annex 2** for the 2013-14 financial year.

Reasons

5. The recommendation is supported as it comprises part of the Council's corporate governance arrangements

**Paul Wildsmith
Director of Neighbourhood Services and Resources**

Background Papers

- (i) Council's accounts 2013-14
- (ii) PwC ISA 260

Peter Carrick : Extension 2326

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond the report comprising part of the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.

MAIN REPORT

Information and Analysis

6. Members are specifically required to consider items that are classified as uncorrected misstatements, which officers propose not to adjust in the accounts. Officers have discussed the misstatements in the attached PwC report and consider that none of these items are material individually, or collectively, in the context of the Statement of Accounts as a whole. The items which officers are proposing to not adjust are as follows:-
7. The uncorrected misstatement of £154,000 is for credit notes that have been offset against the Aged Creditors listing (short term creditors) whereas they should have been grossed up against the short term debtor line on the Balance sheet. It has no effect on the bottom line of the Balance Sheet.
8. The uncorrected misstatement of £330,000 relates to the over calculation of depreciation of some of the Depreciated Replacement Cost assets whereby the wrong expected remaining life of the asset had been used to calculate the depreciation and therefore under estimating the value of the assets and over estimating the amount of depreciation. This would have had an effect on the bottom line of the Balance Sheet but is not material and will be corrected in the current year.

9. The understatement of liabilities of £898,000 is due to 2 invoices for capital schemes not being accrued back into 13/14 and therefore understating both the Property Plant & Equipment line and the Short Term Creditors position. This would have had no effect on the bottom line of the Balance Sheet.
10. The Auditors are satisfied that the issues raised by the audit that require reporting to Members are included in this report and that the duty to do so is complied with. Subject to Members' decisions resulting from consideration of this report, PwC anticipate issuing an unqualified opinion by 30 September 2014.
11. The Use of Resources opinion has been abolished by the Audit Commission and the auditors are now only required to provide an opinion on Value for Money. The intention is for them to issue an unqualified value for money conclusion.

Outcome of Consultation

12. The content of this report was not subject to consultation.