



# Audit Committee Update for South Hams District Council

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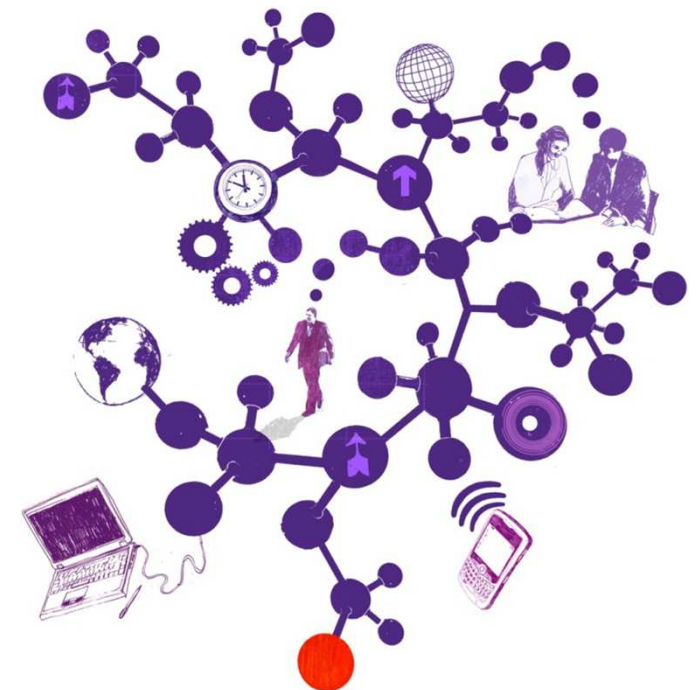
**Year ended 31 March 2014**

5 June 2014

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a Council
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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## Progress at 23 May 2014

Work	Planned date	Complete?	Comments
<p><b>2013-14 Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2013-14 financial statements.</p>	March 2014	Yes	Audit plan presented at the April meeting.
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion.</li> </ul>	Spring 2014	Yes	<p>Work is complete.</p> <p>The results of the audit were included in the Audit plan.</p>
<p><b>2013-14 final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2013-14 financial statements</li> <li>• proposed opinion on the Council 's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	21 July 2014	No	The opinion on the Council's statement of accounts and VfM conclusion will be given at the Audit committee meeting on 18 September 2014.

## Progress at 23 May 2014

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b></p> <p>We are required to give our VfM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code, that:</p> <ul style="list-style-type: none"> <li>• <b>The Council has proper arrangements in place for securing financial resilience.</b> The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</li> <li>• <b>The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</b> The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.</li> </ul>	February to September 2014	No	<p>The Interim risk assessment has been undertaken. The only significant matter, as in 2012/13, is the Financial Resilience of the Council's finances. The detailed risk assessment work is on-going. Our VfM conclusion and the Financial resilience report will be presented to the 18 September Audit Committee.</p>
<p><b>Other areas of work</b></p> <p><b>Certify the Council's WGA accounts</b></p> <p><b>Grant claims and certification.</b> We anticipate that the only claim that will require certification for 2013/14 will be the Housing benefit and council tax subsidy.</p>	<p>September 2014</p> <p>June 2014 October 2014</p>	No	<p>Assurance on the Council's WGA submission required by 3 October 2014</p> <p>We will undertake our audit of these claims in conjunction with the Certification Plan which is to be presented at this Audit Committee.</p>

# Emerging issues and developments

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## Grant Thornton

### A guide to local authority accounts.

This guide is designed to help members of audit committees discharge their responsibilities for the financial statements. It aims to help them understand and challenge the accounts, supporting notes and other statements.

Local authority audit committee members are not expected to be financial experts, but they are responsible for approving and issuing the authority's financial statements. They also play a key role in ensuring accountability and value for money are demonstrated to the public.

However, local authority financial statements are complex and can be difficult to understand: they must comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government. IFRS provides a comprehensive framework (over 3,000 pages of mandatory requirements) for the production of financial statements in the public and private sector. This framework is continually being refined.

We have prepared this guide for members to use as part of their review of the financial statements. It explains the key features of the primary statements and notes that make up a set of financial statements. It also includes key challenge questions to help members assess whether the financial statements show a true and fair view of their authority's financial performance and financial position.

### Challenge question

Has your Head of Finance and Audit made the Audit Committee aware of the guide?

Is training planned to help the Audit Committee understand the statement of accounts?

### Head of Finance and audit response

A training session for Members is planned for early July and copies of the local authority accounts guide will be issued to members at the Audit Committee meeting.



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