

EAST AYRSHIRE COUNCIL
COUNCIL MEETING – 11 DECEMBER 2003
AUDITED ACCOUNTS 2002/2003

Report by Director of Finance

1 PURPOSE OF REPORT

- 1.1** The purpose of this Report is to present to Members the audited Abstract of Accounts and the Competitive Services Annual Report and Accounts for 2002/03 together with the External Auditor's Report on these.

2 BACKGROUND

- 2.1** The Local Authority Accounts (Scotland) 1985 Regulations require the Director of Finance to prepare accounts as soon as practicable after the end of each financial year and to submit these to the authority and to the Controller of Audit by 30 June of the next financial year. The Abstract of Accounts for 2002/03 was submitted to the Controller of Audit on 26 June 2003 following approval by the Council at its meeting that day.

- 2.2** The duties and responsibilities of the External Auditor include a requirement to consider and assess: -

- (a)** Whether the Statement of Accounts for the year presents fairly the financial position of the Council.
- (b)** The adequacy of the main financial systems.
- (c)** The adequacy of the arrangements in place for the prevention and detection of fraud and corruption.
- (e)** The effectiveness of overall management arrangements.

- 2.3** The Council's External Auditors, PricewaterhouseCoopers, have now submitted their Report in respect of the year ended 31 March 2003 and a copy is appended to this Report.

The Accounts have been certified by the auditor without qualification.

3 AUDITOR'S REPORT

- 3.1** The Report by the Auditor covers Financial Accounts and related matters, matters arising from the Audit and matters of economy efficiency and effectiveness. The Report also includes an Action Plan to address areas of possible improvement identified during the process.

4 MAIN ISSUES IN THE REPORT

4.1 Overview

The general tone of the Report is a positive one which acknowledges the commitment of the Council to continuous improvement. The auditor is complimentary about the quality of the work done in preparing and presenting the accounts. All of the issues raised by him have been accepted by officers and all of the actions identified in the Action Plan are already in hand.

4.2 Overall Financial Performance

Certain changes were made to the draft accounts during the audit process. This is normal practice and none of these had any effect on the overall financial position reported to the Council in June which showed a cumulative surplus balance of £3.304m at 31 March 2003. Of this £1.780m relates to projects for which resources are earmarked and the Council's budget carry forward scheme. £1.524m is uncommitted. All areas of the Accounts - General Services, Housing Revenue Account and DLO/DSOs - were in surplus. The Auditor recommends in his report however that the level of balances held by the Council should continue to be augmented.

4.3 Specific Matters

4.3.1 Capital Accounting and Prudential Framework

The auditor makes a number of points relating to Capital Accounting and Prudential Framework and members will be aware that work on these is currently being taken forward by the Directors of Finance and Development Services

4.3.2 Risk Management and Corporate Governance

The auditor's report notes the Council's progress on risk management and the arrangements in place for the prevention and detection of fraud and for monitoring compliance with statutory obligations.

4.3.3 Best Value

The Auditor confirms that the Council continues to make progress in developing arrangements for Best Value and continuous improvement.

4.3.4 Performance Indicators

The Auditor notes that the Council reported on all 65 Statutory Performance Indicators and awarded all of them an "A" rating for reliability.

5 ACTION PLAN

5.1 The Action Plan drawn up as part of the Report includes target dates which have been agreed with the Chief Executive. Achievements of these targets will be monitored over the period in question.

6 RECOMMENDATIONS

6.1 It is recommended that Members note the contents of the Report.

Alex McPhee
Director of Finance

AMcP/DMW
26 November 2003
ENC (3)

**LIST OF BACKGROUND PAPERS
NIL**

Further information on this report is available from Alex McPhee, Director of Finance, Tel 01563 576300.