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Audit Committee

23rd September 2013

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

**Director Approving Submission of the report:**

Executive Director Resources

**Ward(s) affected:**

All

**Title:**

Audited 2012/13 Statement of Accounts

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**Is this a key decision?**

No

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**Executive Summary:**

The purpose of this report is to gain Audit & Procurement Committee's approval for the audited 2012/13 Statement of Accounts and Annual Governance Statement, incorporating any agreed changes to the draft accounts considered by Audit & Procurement Committee in July. The Audit & Procurement Committee is approving these accounts on the Council's behalf.

**Recommendations:**

Audit & Procurement Committee is recommended to approve the final 2012/13 Statement of Accounts, the Letter of Representation to our auditors at Appendix 1 and the Annual Governance Statement.

**List of Appendices included:**

The final Statement of Accounts incorporating the agreed changes will be available prior to or at the meeting.

This report is presented alongside the External Auditor's Audit Findings Report which details the key changes to the draft Statement of Accounts considered by the Audit and Procurement Committee in July. The changes have been agreed between Grant Thornton and the Executive Director of Resources.

**Other useful background papers:**

None.

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No. The Audit & Procurement Committee is approving the City Council's Statement of Accounts and Annual Governance Statement on the Council's behalf.

**Report title:**

Audited 2012/13 Statement of Accounts

**1. Context (or background)**

The Accounts and Audit Regulations 2011 changed the process for approving local government accounts. Rather than getting the unaudited Statement of Accounts and Annual Governance Statement approved by 30<sup>th</sup> June each year, the Council now needs to have the audited statements approved by 30<sup>th</sup> September. Alongside this change, on 13<sup>th</sup> September 2011 Council approved the delegation of responsibility for approving the statements to the Audit Committee (now the Audit & Procurement Committee), which has become the key body in respect of understanding, analysing and discussing the content of these statements.

The Audit & Procurement Committee reviewed and commented upon the draft 2012/13 Statement of Accounts and Annual Governance Statement at its meeting on 8<sup>th</sup> July 2013. This report now seeks approval of the final audited statements.

**2. Options considered and recommended proposal**

- 2.1 This report is presented alongside the Grant Thornton's Audit Findings Report. This report details all the significant changes to the draft accounts and Annual Governance Statement considered by the Audit & Procurement Committee in July. These changes have been agreed between the Grant Thornton and the Executive Director of Resources. The revised Statement of Accounts and Annual Governance Statement will be made available prior to or at the meeting and the key changes to them are explained clearly within the Grant Thornton Audit Findings report elsewhere on today's agenda.

**Report author(s):**

**Name and job title: Paul Jennings, Finance Manager (Corporate Finance)**

**Directorate: Resources Directorate**

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This report is published on the council's website:

[www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)

## **Appendix 1: Proposed Text of Letter of Representation**

Dear Sirs

### **Coventry City 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 Coventry City 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.

- xx We confirm that the assumptions made in determining the equal pay provision remain valid and the level of provision remains appropriate, taking account of all events since the year end.
- xxi We confirm that the accounts do not disclose a prudent estimate of the financial effect of the contingent liabilities for equal pay claims because the Council's view is that the obligation cannot be measured with sufficient reliability.
- xxii We confirm that our assessment of the Caludon Castle PFI contract remains valid and is not considered to be an onerous contract.
- xxiii We confirm that no impairment is required for the Council's loan to ACL included within long term debtors.

### **Annual Governance Statement**

- xxiv 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 Procurement Committee at its meeting on 23 September 2013.

### **Signed on behalf of the Council**

Chris West  
**Executive Director of Resources**

**23<sup>rd</sup> September 2013**