

Financial Statements for the year ended 31 March 2015**Report by Gary Fairley, Head of Finance and Integrated Service Support****1 Purpose of Report**

The purpose of this report is to provide Council with a brief overview of the changes made during the audit process to the Council's Financial Statements for 2014/15. The audited accounts have been circulated to members.

2 Background

In accordance with regulation 6(1) of the Local Authority Accounts (Scotland) regulations 1985 (as amended) the audited Financial Statements for the year ended 31 March 2015 are today laid before Council. The accounts were presented to and approved by Audit Committee on Tuesday 29th September.

2.1 Changes to Accounts through Audit Process

There are no qualifications to the Financial Statements. Grant Thornton, the Council's external auditors, presented their report on the 2014/15 Annual Accounts Audit to Audit Committee on 29th September 2015. The main findings during the audit were:

- An amendment to the value of the Council's Housing stock. A complete stock valuation was undertaken during 2014/15. During the audit process it was agreed that the estimate made relating to the carrying value of housing components such as kitchens and bathrooms was overstated. The change in estimation technique was disclosed in the Financial Statements and figures were amended accordingly;
- A presentational change between debtors and creditors relating to the final creditors payments for 2014/15.

None of the changes identified above made during the audit process, result in a change to the financial performance from that presented in the unaudited accounts laid before Council on 23rd June.

Grant Thornton reported that the Financial Statements have further improved in quality from prior years and have acknowledged progress towards implementation of future accounting considerations which will impact on the 2015/16 Financial Statements.

The General Fund Balance at the 31st March 2015 was £21.315 million of which £8.472 million was earmarked for specific purposes and the Housing Revenue Account balance was £21.376 million.

3 Report Implications

3.1 Resource

Whilst this report deals with financial issues there are no financial implications arising directly from it.

3.2 Risk

Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities in Scotland to have adequate systems and controls in place to ensure the proper administration of their financial affairs. The Council's Standing Orders and Financial Regulations detail the responsibilities of members and officers in relation to the conduct of the Council's financial affairs.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☐ Business transformation and Best Value
- ☒ None of the above

3.4 Impact on Performance and Outcomes

The proposals in this report do not directly impact on performance or outcomes.

3.5 Adopting a Preventative Approach

The proposals in this report do not directly impact on the adoption of a preventative approach.

3.6 Involving Communities and Other Stakeholders

No consultation was required.

3.7 Ensuring Equalities

There are no equality implications arising directly from this report.

3.8 Supporting Sustainable Development

There are no sustainability issues arising from this report.

3.9 IT Issues

There are no IT implications arising from this report.

4 Recommendations

It is recommended that Council endorse the contents of this report.

9th October 2015

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Background Papers: