

REPORT TO: SCRUTINY COMMITTEE – 24 SEPTEMBER 2012
REPORT ON: TAYSIDE SUPERANNUATION FUNDS 2011/2012 ACCOUNTS AND AUDIT
REPORT BY: DIRECTOR OF CORPORATE SERVICES
REPORT NO: 381-2012

1 PURPOSE OF REPORT

To report on the outcome of the external audit of Tayside Superannuation Funds for the year to 31 March 2012. A copy of the External Auditor's Annual Audit Report (Report No 380-2012) and the 2011/2012 draft Audited Statement of Accounts for the Tayside Superannuation Funds (Report No 379-2012) are also to be considered by the Scrutiny Committee.

2 RECOMMENDATIONS

It is recommended that the Committee:

- i notes the contents of External Auditor's Annual Audit Report, in particular that KPMG LLP anticipate issuing an unqualified audit opinion
- ii instructs the Director of Corporate Services to arrange for the Audited Statement of Accounts to be signed as necessary
- iii notes that the External Auditor's Report to Members will be considered by the Policy & Resources Committee in due course, together with the Audited Statement of Accounts

3 FINANCIAL IMPLICATIONS

None.

4 MAIN TEXT

4.1 Introduction

External audit is one of the key methods by which the activities and performance of local government are independently scrutinised and reported upon. The external audit of Tayside Superannuation Funds for the financial year 2011/2012 was carried out by Mr David Watt, Director, KPMG LLP. Local authority external auditors are appointed for a five year period and the financial year 2011/2012 marked the first year of KPMG's appointment at the City Council.

The 2011/2012 Unaudited Statement of Accounts was circulated to elected members and to KPMG on 29 June 2012, in line with the statutory deadline. The Accounts have been subject to a three week statutory public inspection period and no objections were received

4.2 External Auditor's Annual Audit Report

KPMG have now completed their audit work and, in accordance with auditing standards (ISA 260), they are now required to report the outcome of their work in relation to the financial statements. This requirement is addressed via their Annual Audit Report. The report is divided into the following five key areas:

- Executive Summary
- Accounting Policies
- Use of Resources
- Governance
- Appendices

4.3 Conclusions

The External Auditor has undertaken a thorough and wide-ranging review of the financial statements and the processes and procedures around their preparation. It is pleasing to note that the financial statements were to a high standard with no adjustments arising and it is anticipated that an unqualified audit opinion will be issued. It should also be noted that 2011/2012 marked only the second year of accounting under International Financial Reporting Standards (IFRS) and the significant changes arising from IFRS are, to some extent, still bedding-in.

4.4 The Way Ahead

The audit of the 2011/2012 financial statements can now be concluded by the signing of Audited Statement of Accounts. This will be considered by the Policy & Resources Committee and the Superannuation Investment Sub-Committee, together with the External Auditor's Annual Audit Report.

5 **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6 **CONSULTATIONS**

The Chief Executive and Head of Democratic and Legal Services has been consulted on the content of this report.

7 **BACKGROUND PAPERS**

None

MARJORY M STEWART
DIRECTOR OF CORPORATE SERVICES

20 SEPTEMBER 2012