

**ABERDEEN CITY & SHIRE
STRATEGIC DEVELOPMENT PLANNING AUTHORITY**

Date: 10 September 2010

Title: Final Accounts 2009/10 – Matters to be reported to those charged with governance

1 Purpose of Report and Background

1.1 The International Standard on Auditing 260 requires auditors to communicate matters relating to the audit of the financial statements directly to those charged with governance of an entity in time to enable appropriate action to be taken. A copy of the ISA 260 report is attached as an appendix to this report

2. Proposed Independent Auditor's Report

2.1 The 2009/10 audit process is now complete and the Board will note from the ISA 260 report that the proposed audit opinion is unqualified.

2.2 Members will note that the accounts have been adjusted for the return of part of the General Fund balance from 2008/09 which had been agreed by Members in December 2009. Details can be found on paragraphs 9 and 10 of the ISA 260 report.

3 Financial and Staffing Implications

3.1 There are no further implications at this time other than those already detailed in the report.

4 Recommendations

4.1 It is recommended that the SDPA:

- a) Acknowledge the report submitted by Audit Scotland on the 2009/10 Audit.
- b) Note the proposed Audit opinion on the 2009/10 financial statements.
- c) Acknowledge the help and assistance offered by Audit Scotland in the audit process.

Derek Yule
Treasurer

Aberdeen City and Shire Strategic Development Planning Authority

Report to those charged with governance on the 2009/10 audit

September 2010



 AUDIT SCOTLAND



Aberdeen City and Shire Strategic Development Planning Authority

Report to those charged with governance on the 2009/10 audit

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Key Issues

Introduction

1. International Standard on Auditing 260 (ISA 260) requires auditors to communicate matters relating to the audit of the financial statements to those charged with governance of a body in time to enable appropriate action.
2. ISA 260 requires us to highlight:
 - relationships that may bear on our independence and the integrity and objectivity of the audit engagement lead and audit staff
 - the overall scope and approach to the audit, including any expected limitations, and the form of reports expected to be made
 - expected modifications to the audit report
 - management representations requested by us
 - unadjusted misstatements
 - material weaknesses in internal control identified during the audit
 - views about the qualitative aspects of accounting practices and financial reporting, including accounting policies
 - matters specifically required by other auditing standards to be communicated and any other matters that are relevant to the audit.
3. This report sets out for the Authority's consideration the relevant matters arising from the audit of Aberdeen City and Shire Strategic Development Planning Authority's financial statements for 2009/10 that require reporting under ISA 260. The contents should be brought to the attention of the Treasurer so that he can consider them before he signs the relevant pages of the financial statements. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. The report has been prepared for the use of Aberdeen City and Shire Strategic Development Planning Authority and no responsibility to any third party is accepted.

Status of the audit

4. Our work on the financial statements is now complete and the matters identified during the audit have been discussed with the Treasurer.

Matters to be reported to those charged with governance

Audit opinion & representations

5. Our anticipated auditor's report (Appendix) is unqualified.
6. All errors identified during the audit have been corrected in the accounts and therefore there are no unadjusted misstatements to bring to your attention.
7. We have received the formal representations from the Treasurer that we require for our audit.

Accounting and internal control systems

8. The Authority's financial transactions are processed through Aberdeenshire Council's financial systems. Our review of these systems was conducted as part of that Council's audit, supplemented by specific audit work on the Authority's financial statements. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the accounts.

Matters arising

9. In our view, the following issue requires to be brought to your attention regarding the appropriateness of the Authority's accounting policies or accounting estimates and judgements, the timing of transactions, the existence of any material unusual transactions or the potential effect on the financial statements of any uncertainties.
10. **Issue:** In December 2009, the Authority agreed to return up to £90,000 of its General Fund balance to the constituent authorities. This transaction was erroneously omitted from the unaudited financial statements as payment had not been made by the date the financial statements were prepared.

<p><u>Resolution:</u> The audited financial statements have been amended to reflect the decision taken at the Committee meeting in December 2009. Following consideration of the 2009/10 outturn, the Treasurer has confirmed that the full £90,000 will be returned to constituent authorities.</p>

Acknowledgements

11. We would like to express our thanks to the Treasurer's staff for their help and assistance during the audit of this year's financial statements which has enabled the appointed auditor to certify the statements by the Controller of Audit's target date.



September 2010

Appendix

Proposed Independent Auditor's Report

Independent auditor's report to the members of Aberdeen City and Shire Strategic Development Planning Authority and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Aberdeen City and Shire Strategic Development Planning Authority for the year ended 31 March 2010 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet and Cash Flow Statement, and the related notes and the Statement of Accounting Policies. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice (the 2009 SORP) are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland.

I report my opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

In addition, I report to you if, in my opinion, the Authority has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control reflects compliance with the SORP, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword by the Treasurer and the Glossary of Terms. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Treasurer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements

- give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, of the financial position of Aberdeen City and Shire Strategic Development Planning Authority as at 31 March 2010 and the income and expenditure of the Authority for the year then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

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10 September 2010