

<b>Item No.</b> 10.	<b>Classification:</b> Open	<b>Date:</b> 14 September 2016	<b>Meeting Name:</b> Audit, Governance and Standards Committee
<b>Report title:</b>		Audit findings report 2015-16 and pension fund audit findings report 2015-16	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Finance and Governance	

## RECOMMENDATIONS

1. That the audit, governance and standards committee:
  - i) consider the matters raised in the audit findings report for 2015/16 (Appendix A) before approval of the council's accounts
  - ii) note the adjustments to the accounts as set out on page 20 of the audit findings report
  - iii) approve the letter of representation set out at Appendix B
  - iv) consider the matters raised in the pension fund audit findings report for 2015/16 (Appendix C) before approval of the pension fund accounts.
  - v) note the action plan to address audit findings (page 24)
  - vi) approve the pension fund letter of representation set out at Appendix D of this report.

## BACKGROUND INFORMATION

2. As the council's appointed external auditor, Grant Thornton is required under the statutory Code of Audit Practice for Local Government Bodies to issue reports to those charged with governance summarising the conclusions of the audit work. The audit, governance and standards committee is the council's constitutional body for receiving these reports and needs to consider the auditor's reports before approving the accounts.
3. The audit of the pension fund accounts is separate from the audit of the council's main accounts. There are separate audit findings reports from the auditor for the pension fund accounts.
4. The auditor is required by professional auditing standards to report to the committee certain matters before giving their opinion on the financial statements. There are separate sections in each report covering these matters.
5. In addition to reporting on the financial statements, the auditor reports on any circumstances where they suspect or detect fraud and on whether, in their view, the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

6. The principal purposes of the reports are to:
  - reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and the audit and governance committee
  - share information to assist both the auditor and the committee to fulfil their respective responsibilities
  - provide the committee with recommendations for improvement arising from the audit process.
7. Before the auditor issues their formal opinion, they will require letters of representations to be provided by the council. The draft letters, relating to each of the main accounts and pension fund accounts, are set out in appendices B and D respectively. The final letters, once approved by this committee, will be signed by the strategic director of finance and governance on behalf of the council.
8. At the time of preparing this report, the audit of the accounts and the preparation of the audited accounts were still being finalised. The auditor will update the committee on the progress of the audits and of any new issues arising at the meeting of the committee.

## **KEY ISSUES FOR CONSIDERATION**

### **Audit opinion**

9. The auditor currently expects to give unqualified opinions on both council's accounts and pension fund accounts by 30 September 2016, subject to the satisfactory conclusion of matters still under audit at the time of preparing this report. The auditor is unable to issue the certificate on the accounts until they have completed their assurance work on the council's whole of government accounts return, which is expected to be by 30 September 2016.
10. All misstatements identified during the audit have been agreed and adjusted for. Where control weaknesses have been identified, responses will be prepared and brought to the next meeting.

### **Letters of representation**

11. The proposed letters of representation for the main statements and the pension fund are set out in appendices B and D respectively. The auditor has asked for a number of representations to be given, and there are no reservations in being able to give these representations.

### **Community impact statement**

12. This report and the accompanying statement of accounts are not considered to have a direct impact on local people and communities.

### **Resource implications**

13. There are no direct resource implications arising from the audit of the accounts.

## Consultation

14. The audit findings reports are key documents in assessing the council's progress and plans for the future. The issues raised will be reflected in appropriate consultation, such as through the council's policy and resources strategy. The final report will be published on the council's website.

## SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

15. None required.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Statement of Accounts 2015-16	Finance and Governance, Tooley Street, Second Floor	Robert Woollatt 020 7525 7468

## APPENDICES

No.	Title
Appendix A	Audit findings report 2015-16
Appendix B	Letter of representation 2015-16
Appendix C	Pension fund audit findings report 2015-16
Appendix D	Pension fund letter of representation 2015-16

## AUDIT TRAIL

<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance and Governance	
<b>Report Author</b>	Robert Woollatt, Interim Chief Accountant	
<b>Version</b>	Final	
<b>Dated</b>	2 September 2016	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>	2 September 2016	