

Item No. 5 (was 12 on 13 Sept)	Classification: Open	Date: 18 September 2017 Reconvened from 13 September 2017	Meeting Name: Audit, Governance and Standards Committee
Report title:		Southwark Council Audit Findings Report 2016/17 and Pension Fund Audit Findings Report 2016/17	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the audit, governance and standards committee:
 - i) consider the matters raised in the council's audit findings report for 2016/17 (Appendix A) before approval of the council's accounts
 - ii) note the adjustments to the accounts as set out on page 18 of the council's audit findings report 2016/17
 - iii) approves the council's letter of representation set out at Appendix B
 - iv) consider the matters raised in the pension fund audit findings report 2016/17 (Appendix D) prior to approval of the pension fund statement of accounts (Appendix G)
 - v) note the adjustments to the pension fund statement of accounts as set out in page 20 of the audit findings report
 - vi) note the action plan to address audit findings within the pension fund audit report on page 26
 - vii) approves the pension fund letter of representation set out at Appendix E 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 E 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.

KEY ISSUES FOR CONSIDERATION

Audit opinion

8. The auditor expects to give unqualified opinions on both council's accounts and pension fund accounts prior to the statutory deadline of 30 September 2017.
9. The unadjusted misstatement included in the council's audit findings report 2016/17 and Appendix C has been agreed with the external auditor not to be adjusted for in 2016/17 financial statements as they are immaterial to the results of the council and its financial position at the year-end. The adjustment will be accounted for in the 2017/18 financial year.

Letters of representation

10. The proposed letters of representation for the main council statements and the pension fund are set out in Appendices B and E 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

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

Resource implications

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

Consultation

13. 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

14. None required.

Reasons for lateness

15. The final statement of accounts were not available until 11 September 2017 due to a small number of ongoing audit queries.

Reasons for urgency

16. It is necessary for the audit, governance and standards committee to approve the final accounts before the statutory deadline of 30 September 2017.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Statement of Accounts 2016/17	Finance and Governance, Tooley Street, Second Floor	Ahsan Khan 020 7525 4349

APPENDICES

No.	Title
Appendix A	Council Audit Findings Report 2016/17
Appendix B	Council Letter of Representation 2016/17
Appendix C	Schedule of Unadjusted Misstatements
Appendix D	Pension Fund Audit Findings Report 2016/17
Appendix E	Pension Fund Letter of Representation 2016/17
Appendix F	Southwark Council Statement of Accounts 2016/17
Appendix G	Southwark Pension Fund Accounts 2016/17

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance		
Report Author	Ahsan Khan, Senior Finance Manager		
Version	Final		
Dated	11 September 2017		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments sought	Comments included	
Director of Legal Services	No	No	
Strategic Director of Finance and Governance	No	No	

Cabinet Member	No	No
Date final report sent to Constitutional Team	11 September 2017	