

Annual Governance Report

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Annual Governance Report

Southwark Council

Audit 2006/07

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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Purpose of this document

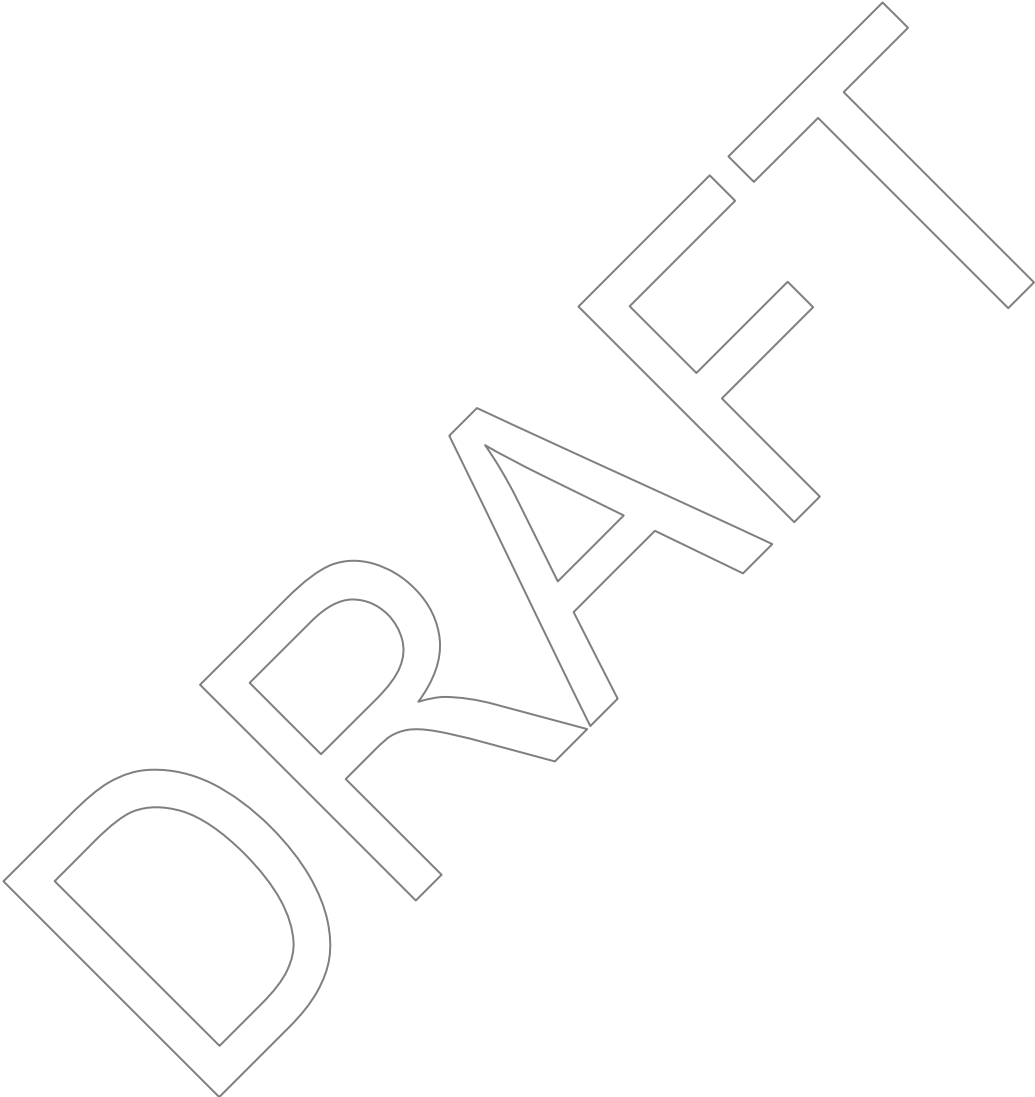
- 1 In accordance with the Audit Commission's Code of Audit Practice (the Code), this report provides a summary of the work we have carried out during our 2006/07 audit of accounts, the conclusions we have reached and the recommendations we have made to discharge our statutory audit responsibilities to those charged with governance (in this case the audit committee) at the time they are considering the financial statements.
- 2 In preparing our report, the Code requires us to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance', by reporting to you matters relating to the audit of the financial statements. Other auditing standards require us to communicate with you in other specific circumstances including:
 - where we suspect or detect fraud;
 - where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
 - non-compliance with legislative or regulatory requirements and related authorities.
- 3 We are also required to communicate to you the Audit Commission's requirements in respect of independence and objectivity, and these are set out at Appendix 2.
- 4 This report has been prepared for presentation to the Audit Committee on 20 September 2007. Members are invited to:
 - consider the matters raised in the report before the financial statements are approved;
 - approve the representation letter on behalf of the Authority and those charged with governance before we issue our opinion; and
 - consider amending the financial statements for unadjusted misstatements, significant qualitative aspects of financial reporting and any recommendations for improvement in the action plan.
- 5 Our work during the year was performed in line with the plan that we presented to you in April 2006. We have issued separate reports during the year having completed specific aspects of our programme, which are listed in Appendix 3.

Key messages

- 6 Our work on the financial statements is substantially complete, although there are still outstanding issues to be resolved. In particular, our work on fixed assets, debtors, creditors and the pension fund has yet to be concluded. Should any further matters arise in concluding the outstanding work that need to be reported, we will raise them with the Finance Director and the Chair of the Audit Committee. We propose issuing an unqualified audit opinion on 28 September 2007 (a draft report is attached at Appendix 4).
- 7 In our view, subject to the completion of our work, the financial statements of the pension fund do present fairly the financial transactions of the pension fund.
- 8 In our view, the Statement on Internal Control (SIC) has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit.
- 9 Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is substantially complete. We propose issuing an unqualified conclusion on the use of resources on 28 September 2007 (a draft report is attached at Appendix 4).
- 10 The Authority has taken a positive and constructive approach to our audit and we would like to take this opportunity to express our appreciation for the Authority's assistance and co-operation. In particular we acknowledge the efforts the Authority has made and the additional work it has undertaken during the year to secure a more reliable valuation of fixed assets for its housing stock. We recommend that the Authority continues to develop and improve on the sound progress it has made for the closing of the accounts to support the production of robust statements.

Audit status

- 11 At the date of issue of this report our detailed audit is substantially complete, although there are still outstanding issues to be resolved. In particular, our work on fixed assets, debtors, creditors, the pension fund and the use of resources conclusion has yet to be concluded.



Accounts and Statement on Internal Control

- 12 Our work on the financial statements is substantially complete, although there are still outstanding issues to be resolved. In particular, our work on fixed assets debtors, creditors and the pension fund has yet to be concluded.
- 13 Auditors are required to obtain written confirmation of certain representations from management and those charged with governance before an audit report is issued, such as acknowledgement of responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework and responsibility for the design and implementation of internal control to prevent and detect error.
- 14 The auditor should also obtain written representations from management on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist.
- 15 The draft of the letter of representation has been attached as Appendix 5.

Unadjusted misstatements

- 16 We are required to report to you all unadjusted misstatements that we have identified during the course of our audit, other than those that are clearly trivial. There are no unadjusted misstatements for us to bring to the attention of those charged with governance.

Adjustments to the financial statements

- 17 We are also required to bring to your attention misstatements that have already been corrected by management where we consider them relevant to your wider governance responsibilities. These are recorded in full at Appendix 7 and we provide an analysis of the most significant item below for your attention.
- 18 Waverley school became an academy school in September 2006 under a 125 year finance lease at a peppercorn rent. No entries were made in the financial statements to reflect the transfer of the asset. The value of the school adjustment is £23.8m with the asset written off to the fixed asset restatement account. There is no income and expenditure effect.

Accounting practices

- 19 We are also required to report to you our view on the qualitative aspects of the Authority's accounting practices and financial reporting and have set out below our observations on key issues affecting the Authority. We have made suggestions to improve the disclosure of the accounting policies including those relating to intangible fixed assets and the valuation methods applied to different types of fixed assets.
- 20 Our audit of the pension fund identified that the Authority had not included a disclosure on taxation on the face of the pension fund account. The Authority does not have the information to make this disclosure.
- 21 The Council has for the first time this year published an annual report. This contains the draft financial statements which were approved by the Audit Committee and a reference that the figures are subject to audit. Although the figures have not materially changed as a result of our audit we would ask the Council to consider whether they wish to add an addendum which reflects the agreed changes outlined in this report.

Systems of internal control (SIC)

- 22 As part of our audit, we consider the systems of accounting and financial control and report to you any material weaknesses identified.
- 23 We have not provided a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but have addressed only those matters which have come to our attention as a result of the audit procedures we have performed.
- 24 We have also reviewed whether the SIC has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit. There are no significant matters arising on any of these issues.

Use of resources

Work performed

- 25 The Code requires us to reach a conclusion on whether we are satisfied that the Council has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources – the value for money conclusion. In meeting this responsibility, we review evidence that is relevant to the Council's corporate performance management and financial management arrangements across a range of criteria specified by the Audit Commission. Our work to support our conclusion comprised the following elements:
- use of resources assessment;
 - data quality work; and
 - the best value performance plan.
- 26 Details of our conclusion for each of the criteria specified by the Audit Commission are set out in Appendix 8. We propose issuing an unqualified conclusion on the use of resources on 28 September 2007 (a draft report is attached at Appendix 4).

Use of resources assessment

- 27 We are currently finalising our report arising from our use of resources assessment. When finalised, we will discuss this with the relevant officers.

Data quality work

- 28 We are currently finalising our data quality review and will report our findings to the relevant officers.

Best value performance plan

- 29 Our work in respect of the Authority's 2006/07 Best Value Performance Plan (BVPP) was reported in the 2006 annual audit and inspection letter. No recommendations were made to the Audit Commission or the Secretary of State.

Audit fee update

- 30 We reported our fee proposals as part of the Audit Plan for 2006/07. The table below reports the outturn fee against that plan:

	Plan 2006/07	Actual 2006/07
Financial statements and Statement on Internal Control	384,000	384,000
Use of Resources	150,300	150,300
Total Audit Fees	534,300	534,300
Grants certification work-(work in progress)	200,000	200,000
Other work-inspection	25,700	25,700

- 31 The analysis above shows that, based on work completed to date, our audit fee has been contained within the totals you have already agreed
- 32 The outturn on inspection fees will be reported in the annual audit and inspection letter.

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Appendix 1 – Action plan

Page	Recommendation	Priority 1 = Low 2 = Medium 3 = High	Responsibility	Agreed	Comments	Anticipated Implementation Date
5	33 Continue to develop and improve on the sound progress you have made for the closing of the accounts to support the production of robust statements.	3	Finance Director			

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Appendix 2 – The Audit Commission’s requirements in respect of independence and objectivity

- 1 We are required to communicate the following matters to those charged with governance:
 - the principal threats, if any, to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor;
 - any safeguards adopted and the reasons why they are considered to be effective;
 - any independent partner review;
 - the overall assessment of threats and safeguards; and
 - information about the general policies and processes for maintaining objectivity and independence.
- 2 We are not aware of any relationships that may affect the independence and objectivity of the audit team and which are required to be disclosed under auditing and ethical standards.

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Appendix 3 – Audit reports issued

Planned output	Planned date of issue	Actual date of issue	Addressee
Audit plan	April 2006	April 2006	CE / FD
Annual governance report	September 2007		Audit Committee
Opinion on financial statements	28 September 2007		Audit Committee
Use of resources conclusion	28 September 2007		Audit Committee
Final accounts memorandum	October 2007		FD
BVPP report	December 2006	December 06	CE/FD
Data quality report	December 2007		CE/FD
Use of Resources	January 2007	January 2007	CE/FD
Direction of travel assessment	January 2007	January 2007	CE/FD
VFM Conclusion	28 September 2007		Audit Committee
review of contracts - housing benefits -Leisure	July 2007	July 2007	CE/FD
Decent Homes	June 2007	June 2007	Director of Regeneration
Elephant and castle regeneration	June 2007	June 2007	Director of Regeneration
Standards Committee	December 2007		Head of constitutional support
School capital programme	June 2007	June2007	Director of Regeneration
Local Area Agreements	August 2007	August 2007	Director of Regeneration
Performance management review	December 2007		Deputy CE

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Planned output	Planned date of issue	Actual date of issue	Addressee
Annual audit letter	March 2008		Audit Committee

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Appendix 4 – Proposed auditor’s report

Opinion on the financial statements

I have audited the financial statements and pension fund accounts of Southwark Council for the year ended 31 March 2007 under the Audit Commission Act 1998. The financial statements comprise the Consolidated Revenue Account, the Housing Revenue Account, the Collection Fund, the Consolidated Balance Sheet, and the Statement of Total Movements in Reserves, the Cash Flow Statement, and the related notes. The pension fund accounts comprise the Fund Account, the Net Assets Statement, and the related notes. The financial statements and pension fund accounts have been prepared under the accounting policies set out within them.

This report is made solely to Southwark Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer’s responsibilities for preparing the financial statements, including the pension fund accounts, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements and the pension fund accounts present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial transactions of its pension fund during the year and the amount and disposition of the fund’s assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the statement on internal control reflects compliance with CIPFA’s guidance, ‘The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003’ published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read 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. 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 the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are 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 present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended; and
- the pension fund accounts present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial transactions of the Pension Fund during the year ended 31 March 2007, and the amount and disposition of the fund’s assets and liabilities as at 31 March 2007, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Kash Pandya
District Auditor
Audit Commission
1st Floor Millbank Tower
London
SW1P 4HQ
Date

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Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority’s best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Southwark Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

Best Value Performance Plan

I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 on 5 December 2006. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Kash Pandya
District Auditor
Address
Audit Commission
1st Floor Millbank Tower
London
SW1P 4HQ
Date

Appendix 5 – Management representation letter

xx September 2007
Chief Executive
Southwark Council
Town Hall
Peckham Road
London SE5 8UB

Dear Annie,

Draft management representation letter (ISA+580) Southwark Council - Audit for the year ended 31 March 2007

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). We have interpreted this guidance as it affects Councils and we expect the following points to apply.

- Auditors do not seek representations on matters which duplicate those in the standard responsibility statement on the Statement of Accounts.
- Auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence.
- Auditors are likely to request written representations on the completeness of information provided.
- Auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts.
- The letter is dated on or near to the date on which the auditor signs the opinion and certificate.
- The letter is signed by the person or persons with specific responsibility for the financial statements – i.e. the Finance Director, Chief Executive and Chair of the Audit Committee.
- The letter is formally acknowledged by the Audit Committee.

I would expect the letter of representation to include the following.

To confirm to the best of your knowledge and belief, having made appropriate enquiries of other directors, officials, officers of Southwark Council, the following representations given to the Audit Commission in connection with the audit of the Council's financial statements for the year ended 31 March 2007.

Responsibility

- Acknowledge your responsibility under the relevant statutory authorities for preparing the financial statements which present fairly the financial position of the Council and for making accurate representations to the Audit Commission.
- Confirm that the Council has adopted the financial statements (ISA+580).
- Acknowledge your responsibility for the design and implementation of internal control to prevent and detect error (ISA+580) and fraud (ISA+240).

Supporting records

- All the accounting records have been made available to the Audit Commission for the purpose of the audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including:
 - minutes of all Board meetings, have been made available to the Audit Commission.
 - That the Council has informed the auditors of all reviews carried out by other Regulators of its arrangements in relation to the efficient, economic and effective use of the Council's resources.

Liabilities

- There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:
 - there is no significant pending or threatened litigation, other than those already disclosed in the financial statements; In particular the financial statements correctly disclose the position in relation to legal issues concerning the outstanding insurance claims;
 - there are no material commitments or contractual issues, other than those already disclosed in the financial statements;
 - no financial guarantees have been given to third parties; and
 - there are no provisions required for single status (equal pay claims.)

Law, regulations, contractual arrangements and codes of practice

- There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council. (with the actual or contingent consequences from the non-compliance disclosed (ISA+250))
- The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Assets

- The following have been properly recorded and when appropriate adequately disclosed in the financial statements:
 - Losses/gains arising from sale & purchase commitments;
 - agreements & options to buy back assets previously sold; and
 - assets pledged as collateral.
- Fixed Asset lives have been considered as part of the fixed asset valuations procedures.

Irregularities

- That there are no known significant instances of irregularities, including fraud, other than those already disclosed to the auditors. (ISA+240) I understand the term 'fraud' includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements or omissions of amount or disclosures in financial statements to deceive financial statement users.
- I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.
- There have been no:
 - irregularities involving management or employees who have significant roles in the system of internal accounting control;
 - irregularities involving other employees that could have a material effect on the financial statements; and/or
 - communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

Statement of Internal Control

- That a formal review of the effectiveness of the system of internal control has been carried out which has enabled the Council to make the necessary disclosures. The statement of internal control reports all known weaknesses in the Council's environment.
- No material loss, contingency or uncertainty has arisen through a weakness in internal financial control, which requires disclosure in the financial statements.

Post balance sheet events

- That no significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

Going concern

- That the financial statements have been prepared on a going concern basis. In particular for the Council's trading activities.
- There are no known bad debts other than those already provided for in the financial statements.

Completeness

- Confirm that the financial statements are free of material misstatements, individually and in aggregate, including omissions (ISA+580).

Tax items

- No claims have been made against the Council following any investigations by the Contributions Agency or HM Revenue and Customs.

Fair value

- That the Council has carried out a formal review of its accounting policies as per FRS 18 and made appropriate changes.
- There are no known impairments of fixed assets arising, purchases or disposals apart from those disclosed, during the year which require adjustment to the financial statements.
- Capital commitments are correctly disclosed in the financial statements.
- Fixed asset valuations (in particular Housing Revenue Account assets) are fairly stated and reflect all material events up to 31 March 2007 and adjusting post balance sheet events.
- The Council has in place effective processes to ensure the completeness and accuracy of the fixed asset register.

Related party transactions

- The registers of interest in respect of Directors/Members and key managers are complete and up to date.
- Guidance has been issued to make Directors/Members and key managers aware of the requirement to declare all interests relevant to the Council, including interests of families, partners and entities controlled by them. (ISA+550).
- There are no other relationships of which the Council is aware that require disclosure in this statement of accounts.
- There are no other material transactions with related parties other than those which have been properly recorded and disclosed.

Trust Funds

- There are no trust funds that the council administers other than those properly disclosed in the financial statements.

Group accounts

- The Council has undertaken an exercise to identify whether or not it has any interests in subsidiary and associated companies and joint ventures. As a result of this exercise, the Council concluded that group accounts were not necessary.

Communication of audit matters to those charged with governance

- You have arrangements in place to review and respond to issues raised in the ISA 260 (UK&I) - Communication of audit matters to those charged with governance.
- I am also required to report to those charged with governance all unadjusted misstatements that we have identified during the course of our audit, other than those that are clearly trivial (appendix 6 Annual Governance return 2006/07). These items are brought to your attention to enable you to consider whether the financial statements should be amended for them. If you choose not to amend the financial statements in respect of these items, you should extend this representation letter to explain why.

The above matters are examples only. There may be other matters which you would wish to include in the management letter of representation. I should be grateful if you could, after discussion with other appropriate officers, provide a management letter of representation for Southwark Council at the appropriate time.

Yours sincerely

Kash Pandya
District Auditor



Appendix 6 – Summary of unadjusted misstatements

- 1 We are required to report to you all unadjusted misstatements that we have identified during the course of our audit, other than those that are clearly trivial.
- 2 There are no unadjusted misstatements to report.

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Appendix 7 – Summary of adjusted misstatements

Please note that our audit work is still in progress and there may be additional matters to report.

- 1 The following misstatements were identified during the course of our audit and the financial statements have been adjusted by management. We bring them to your attention to assist you in fulfilling your governance responsibilities.

Adjusted misstatements	Nature of Adjustment	Income and Expenditure Account		Balance Sheet	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Description of Misstatement					
Dr statement of movement in general fund balance	The Council identification an error in the preparation of the draft financial statements.	482			
Cr Local Authority Housing (HRA)			482		
Dr Corporate and democratic core	Misclassification on the draft financial statements	1,035			
Cr Local Authority Housing (HRA)			1,035		
Dr Southwark PCT debtors	Being reanalysis of the disclosure within the debtors note			1,508	
Cr Government Departments debtors					1,508

		Income and Expenditure Account		Balance Sheet	
Dr Fixed asset restatement Account	Being the transfer of Waverley school to an academy school			23,860	
Cr Fixed assets					23,860
Dr Creditors	Being the reversal of incorrect entries relating to Bermondsey spa site D where there was a debtor raised in error.			1,556	
Cr Debtors					1,556
Net Effect of all adjusted misstatements		nil	nil	nil	nil

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Appendix 8 – Value for money conclusion

This is work in progress but we expect the VFM conclusion to be adequate

- 2 The Audit Commission has published, in accordance with the Code of Audit Practice, 12 criteria on which auditors are required to reach a conclusion on the adequacy of an audited body’s arrangements for economy, efficiency and effectiveness in its use of resources.
- 3 The Code criteria are linked to the use of resources assessment (UoR) key lines of enquiry (KLoEs). A score of Level 2 or higher under the KLoEs will result in an assessment that the Authority has adequate arrangements in place for the purposes of the Code criteria. The Code criteria and the linked KLoEs are show in the table below.

Code Criteria	Description	Associated UoR KLoE	UoR Score	VFM Conclusion
1	The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.	N/A	N/A	Adequate
2	The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.	N/A	N/A	Adequate
3	The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.	N/A	N/A	Adequate
4	The body has put in place arrangements to monitor the quality of its published performance information, and to report the results to members.	LG DQ KLoEs	N/A	Adequate
5	The body has put in place arrangements to maintain a sound system of internal control.	4.2		Adequate

6	The body has put in place arrangements to manage its significant business risks.	4.1		Adequate
7	The body has put in place arrangements to manage and improve value for money.	5.2		Adequate
8	The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	2.1		Adequate
9	The body has put in place arrangements to ensure that its spending matches its available resources.	3.1		Adequate
10	The body has put in place arrangements for managing performance against budgets.	2.2		Adequate
11	The body has put in place arrangements for the management of its asset base.	2.3		Adequate
12	The body has put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.	4.3		Adequate