

<b>Item No.</b> 8.	<b>Classification:</b> Open	<b>Date:</b> 5 June 2019	<b>Meeting Name:</b> Audit, Governance and Standards Committee
<b>Report title:</b>		2018-19 draft statement of accounts for Southwark Council and Southwark Pension Fund and Grant Thornton report on informing the audit risk assessment	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Finance and Governance	

## RECOMMENDATION

1. That the audit, governance and standards committee note the Grant Thornton's report on informing the audit risk assessment for Southwark Council and the Pension Fund (appendix 1), including the management comments, and considers whether these responses are consistent with its understanding, and whether there are any further comments it wishes to make.
2. That the audit, governance and standards committee considers the draft statement of accounts for 2018-19 (appendix 2).

## BACKGROUND INFORMATION

3. The purpose of the Grant Thornton report, 'informing the audit risk assessment for Southwark Council and the Pension Fund' is to contribute towards the effective two-way communication between auditors and the council's audit, governance and standards committee, as 'those charged with governance'. This two-way communication assists both the auditor and the audit, governance and standards committee in understanding matters relating to the audit and developing a constructive working relationship. The Grant Thornton report (attached at Appendix A) includes a series of questions and the response they have received from the council's management.
4. The publication of the statement of accounts is an essential feature of public accountability and stewardship as it provides an annual report on how the council has used the public funds for which it is responsible. The closing of accounts is also important for financial management since it confirms the availability of reserves and balances for future use.
5. The accounts are subject to external audit. The auditors, Grant Thornton, are required to satisfy themselves that the council's accounts comply with statutory requirements and that they have been compiled according to proper practices. In addition they are also required to conclude as to whether the council has arrangements in place for securing economy, efficiency and effectiveness in the use of resources.
6. Under the constitution, the audit, governance and standards committee is the body that formally receives and approves the annual accounts. The audited accounts together with the external auditors report on the accounts are scheduled

to be presented to the audit, governance and standards committee at their meeting on 16 July 2019.

## **KEY ISSUES FOR CONSIDERATION**

7. The Accounts and Audit Regulations 2015 brought forward the statutory deadline for having the draft accounts available for audit and also reduced the time available for auditors to complete their assurance work. From 2017-18 onwards, local authorities are required to approve their final audited accounts by 31 July each year. The regulations also require the draft accounts to be reviewed by the councils responsible financial officer (the strategic director of finance and governance) by 31 May, and for those accounts to be published for public inspection by no later than 1 June.
8. Under the 2015 regulations, the accounts are required to present a true and fair view of the financial position of the council and comply with 'proper accounting practices'. The Local Government Act specifies the Chartered Institute of Public Finance Accountants (the CIPFA) Code of Practice on local authority accounting as representing proper accounting practices for this purpose.
9. The council has produced its draft accounts in accordance with the CIPFA Code and in line with the statutory deadline. The draft accounts were approved by the strategic director of finance on 31 May 2019 and published on the councils' website alongside the Annual Governance Statement.
10. The external audit of the draft accounts is due to commence on 3 June.
11. The audited accounts, together with the external auditors report, are scheduled to be presented to members at their 16 July meeting for scrutiny and approval. The draft accounts are presented to members now to inform and enable early scrutiny of the key figures ahead of the July meeting.
12. Under the new statutory timescales there was insufficient time for committee papers to be circulated ahead of the start of public inspection.

## **Community impact statement**

13. This report and the accompanying accounts are not considered to have a direct impact on local people and communities. However, good financial management arrangements are important to the delivery of local services and to the achievement of outcomes.

## **Resource implications**

14. There are no direct resource implications in this report.

## **Consultation**

15. Consultation on the accounts is carried out through public inspection. The accounts are open for public inspection from 3 June 2019 until 12 July 2019.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

16. None required.

### Reasons for lateness

17. As the deadline for the final draft accounts was 31 May 2019, this was after the dispatch of the audit, governance and standards committee agenda.

### Reasons for urgency

18. The audit, governance and standards committee are presented with the draft statement of accounts at the earliest possible date, in order that they can have as long as possible to review them before the final statement of accounts are presented to them in July 2019 for agreement. This is the only meeting able to accept the draft statement of accounts.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Finance and Governance files	Finance and Governance, Second Floor, Tooley Street	Rob Woollatt 020 7525 0614

### APPENDICES

No.	Title
Appendix 1	Grant Thornton Report, informing the audit risk assessment for Southwark Council and the Pension Fund
Appendix 2	Draft 2018-19 Statement of Accounts for Southwark Council and the Pension Fund

### AUDIT TRAIL

<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance and Governance	
<b>Report Author</b>	Rob Woollatt, Interim Departmental Finance Manager	
<b>Version</b>	Final	
<b>Dated</b>	31 May 2019	
<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	N/A
Strategic Director of Finance and Governance	N/A	N/A
<b>Cabinet Member</b>	N/A	N/A
<b>Date final report sent to Constitutional Team</b>	3 June 2019	