

REPORT TO: **AUDIT & STANDARDS COMMITTEE**

DATE: **7 SEPTEMBER 2016**

TITLE: **AUDIT RESULTS REPORT – ISA 260**

LEAD OFFICER(S): **SIMON FREEMAN, HEAD OF FINANCE
(01279) 446228**

RECOMMENDED that:

- A** The Committee reviews the Audit Results Report and refers any matters it considers significant to Cabinet so that they may be considered alongside the approval of the Statement of Accounts report at its meeting on 15 September 2016.
- B.** The Committee notes the Value for Money assessment of the Council's use of resources as contained within the attached report from the Council's appointed Auditor.
- C** The Committee acknowledges the continued progress made in the preparation of the Statement of Accounts which, in preparation for the Government's requirement for earlier production of local authority final accounts with effect from 2017/18, has facilitated both an earlier audit to be completed and an associated reduction in the requirement to make amendments to the draft accounts.

BACKGROUND

1. The attached draft report has been prepared by the Council's appointed auditor as required by the Audit Commissions Code of Audit Practice. Being in draft format, it features the outcomes of the audit work completed as at the time of this report being written (26 August 2016), and identifies audit work that remains outstanding at that time. The external auditor will update Members at this meeting on the progress of the audit as it draws to its conclusion. It is a report to those charged with governance on the work the auditor has carried out during the 2015/16 audit and covers –
 - The Council's Financial Statements.
 - The Value for Money Assessment.
 - The Whole of Government Accounts returns (for which Harlow Council falls below the threshold that would otherwise require detailed audit review).
 - The draft Audit Report.

ISSUES/PROPOSALS

Financial Statements.

2. High standards continued to be applied in the preparation of the Council's Statement of Accounts for 2015/16. This is reflected both in the attached report in terms of the absence of uncorrected errors and minimal corrected errors reported when compared to previous years.
3. The preparation of working papers, accounts closure procedures and the readiness of the draft statements have all facilitated the audit work carried out by Ernst & Young to be started promptly, although the audit work programme has extended to a later date than first envisaged. However, it has been unfortunate this year that audit work on data analytics was held back by incompatibility of system-generated data with computerised audit review systems. This issue is under review for improvement for future years.
4. The appointed auditor will update the Committee at its meeting on 7 September 2016 on the final stages of the audit and any matters that require to be drawn to the Committee's attention.

Internal Control and written representations.

5. The report highlights that there have been no areas of significant weakness identified in the design or operation of internal controls that might result in a material error in the Statement of Accounts. It also confirms that the Auditor is satisfied with the Annual Governance Statement which was presented to the Audit and Standards Committee at its June 2016 meeting and approved by Cabinet on 21 July 2016.
6. The appointed auditor has requested a management letter of representation in which the Head of Finance as the Council's Section 151 Officer provides information on matters which the auditor does not have sufficient audit evidence. This letter is reported in draft form elsewhere on the Committee's agenda, pending subsequent approval of the final Accounts by Cabinet at its meeting of 15 September 2016.

Value For Money Assessment.

7. The report identifies that, having carried out the assessment of the Council's arrangements to secure Economy, Efficiency and Effectiveness the appointed auditor has concluded that Harlow has secured proper arrangements in securing its use of resources.

Conclusions

8. The Audit Results Report is a very positive report for the Council and reflects the results of the work that has been undertaken to improve the processes and practices associated with the Council's use of resources and especially the response of the Finance Service to previous audit reports and recommendations from the Council's appointed auditor.

IMPLICATIONS

Place (includes Sustainability)

None specific

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

The Audit Results Report provides important information relating to the Council's statement of accounts and its Value for Money judgement provided by the appointed auditor..

Author: **Simon Freeman, Head of Finance**

Housing

None specific

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

None specific

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

The report provides independent assessment of the Council's governance arrangements in its assessment of the Annual Governance Statement.

Author: **Brian Keane, Head of Governance**

Glossary of terms/abbreviations used

None.

APPENDICES

Ernst & Young – Draft Audit Results Report IAS 260 for the year ended 31 March 2016.