

REPORT TO: **AUDIT & STANDARDS COMMITTEE**

DATE: **9 SEPTEMBER 2015**

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

LEAD OFFICER: **SIMON FREEMAN, HEAD OF FINANCE
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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 17 September 2015.
- 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 significant progress which has been made in the preparation of the Statement of Accounts, the associated reduction in the requirement to make amendments to the draft accounts and the earlier audit completion which this has facilitated.

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 (24 August 2015), and identifies audit work that remains outstanding at that time. The external auditor will update Councillors 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 2014/15 audit and covers –
 - The Council's Financial Statements.
 - The Value for Money Assessment.
 - The Whole of Government Accounts returns.
 - The Auditor's Audit Certificate.

At the date of preparing the report the Whole of Government Accounts return has not been audited and this work will be carried out in September ahead of the final submission date. Until this is complete the Auditor cannot issue the audit certificate.

ISSUES/PROPOSALS

Financial Statements.

2. Further progress has been made in the preparation of the Council's 2014/15 Statement of Accounts. This is reflected both in the attached report in terms of the significant reduction in both the uncorrected errors and corrected errors reported when compared to previous years.
3. The improvements to the working papers, accounts closure procedures and the readiness of the draft statements has facilitated the audit work carried out by Ernst & Young to be started earlier than in any previous year.
4. The appointed auditor will update the Committee at its meeting on 9 September 2015 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 2015 meeting and approved by Cabinet on 23 July 2015.
6. The appointed auditor has requested a management letter of representation in which the Head of Finance as the Council's S151 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 17 September.

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 appropriate arrangements in its use of resources.

Whole of Government Accounts.

8. The Council submitted its WGA return to the Government in line with the required timetable after completion of the draft Statement of Accounts. The submission was made with no validation errors and was completed much earlier than in previous years. Subsequent to the submission there have been some issues identified relating to related party transactions and these have

been dealt with prior to the audit work commencing.

9. It is unlikely that there will be any significant issues in the audit of the WGA return given the extremely low level of audit queries on the Council's Statements. The auditor has not completed work on the audit of the WGA return and there will be an update on this at the meeting of the Committee.

Conclusions

10. 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 2014/15.