



Report to:	Audit Committee	Date:	11 January 2018
Report title:	Annual Audit Letter 2016/17		
Report from:	Gerald Almeroth - Strategic Director Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor David Hicks		
Author(s)/Contact Number(s):	Michael Mackie, Head of Finance Operations and Residents Support, 020 8770 5375		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • An Open Council • A Smart Council 		
Open/Exempt:	Open		
Signed:		Date:	28 December 2017

1. Summary

- 1.1 The Annual Audit Letter for 2016/17 formally reports the outcome of the external audit of the Council's financial statements for the year and the auditor's opinion on the Council's arrangements to secure value for money. The auditor gave an unqualified opinion on the financial statements, including the pension fund statements, and concluded that the arrangements to secure value for money were adequate.

2. Recommendations

The Audit Committee is recommended to:

- 2.1 Note the external auditor's unqualified opinion on the Council's financial statements for the 2016/17 year and the auditor's conclusion that the Council's arrangements to secure value for money were adequate.
- 2.2 Note that work to address the auditor's recommendations is in progress.
- 2.3 Consider whether there are any comments on the annual audit letter or matters arising from it that should be brought to the attention of the Strategy and Resources Committee on 15 January 2018.

3. Background

- 3.1 The Council's external auditor, Grant Thornton, examines the Council's financial statements to assess whether they:
- give a true and fair view of the financial position of the Council and its spending and income for the year; and
 - have been prepared properly, following the relevant accounting standards.
- 3.2 The auditor is also required to give an opinion on whether the Council has proper arrangements for securing value for money.
- 3.3 The results of the audit are formally reported to the Council in the Annual Audit Letter. The Annual Audit Letter for 2016/17 is provided as Appendix A. The letter has been made available on the Council's website. The letter is due to be considered by the Strategy and Resources Committee on 15 January 2018.

4. Issues

- 4.1 The auditor has given an unqualified opinion on the Council's financial statements. The auditor's Audit Findings Report which was considered by the Audit Committee on 21 September 2017 recorded no material errors and one non-trivial error in the draft accounts which were adjusted in the final version.
- 4.2 The non-trivial error related to the revaluation of Bandon Hill Primary (Woodfield Campus) being accounted for incorrectly, and would have resulted in an understatement of £1,528k for other land and buildings. This error was corrected in the final version of the accounts agreed by the Audit Committee in September.
- 4.3 The auditor made one recommendation in the Audit Findings Report, with a medium priority. This said that the Council should undertake a review of debtor and creditor balances that have resided on the ledger for a number of years. The recommendation has been accepted and an action plan is in place.
- 4.4 The auditor's Audit Findings Report in relation to the Pension Fund was also reported to the Audit Committee on 21 September 2017. No adjustments for material or non-trivial misstatements were made to the draft accounts. No recommendations were made by the auditor in respect of the Pension Fund.
- 4.5 The auditor has also given an unqualified conclusion in respect of the Council's arrangements for securing value for money.
- 4.6 Appendix A to the Annual Audit Letter provides details of the auditor's fees. The total fee of £109,358 which can be accommodated within available budgets.

5. Impacts and Implications

Financial

5.1 These are covered in the report.

Legal

5.2 There are no legal implications arising from this report.

6. Appendices and Background Documents

Appendix Letter	Title
A	Annual Audit Letter 2016-17

Background Documents
None

Audit Trail		
Version	Final	Date: 28 December 2017
Consultation with other officers		
Finance	Yes	Michael Mackie
Legal	No	N/A
Equality Impact Assessment required?	No	N/A

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