

Report to: Audit Committee
Date of meeting: 30th September 2009
Report of: Interim Head of Finance
Title: Statement of Accounts - 2008/09. External auditor's Annual report to those charged with governance

REASON FOR LATENESS

This report has been submitted late due to the pressure in achieving the tight timetable for the closure and audit of the accounts. This has meant that the auditor's report could not be published in line with the Committee agenda deadlines. As the Council is required to have the auditor's report approved by the end of September 2009 this report needs to be considered by this Committee.

1.0 SUMMARY

- 1.1 To receive the external auditor's Annual report to those charged with governance for the financial year 2008/09.

2.0 RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Considers the auditor's report and agrees the Action Plan recommended by the external auditor in the Annual report to those charged with governance (ISA 260 report), and the management response.
- 2.2 Formally adopts the accounting policies as set out in the Statement of Accounts.
- 2.3 Authorises the signature of the audited Accounts by the Chair of the Audit Committee, and the Letter of Representation by the Managing Director and Director of Finance.

Contact Officer:

For further information on this report please contact: Nigel Kennedy, Interim Head of Finance, telephone: 01923 278067, email Nigel.kennedy@watford.gov.uk

Report approved by: Bernard Clarke, Head of Strategic Finance

3.0 **BACKGROUND**

3.1 Local Authorities are required, under the Local Government Finance Act 1998 and the Accounts and Audit Regulations 2006, to prepare a Statement of Accounts for the year ended 31 March by 30 June each year, and for this to be audited and formally presented by 30 September. The amended Accounts are attached at Appendix 1, and the final audited version including the audit opinion will be published shortly.

4.0 **ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE**

4.1 The Audit Commission's Code of Practice requires that external auditors prepare a summary of work carried out during the audit of Accounts, the conclusions reached and any recommendations made, and that this is formally presented to those charged with governance at the time the financial statements are being considered. The report must comply with ISA 260 (International Standards on Auditing (United Kingdom & Ireland) – 260 'Communication of Audit Matters to Those Charged With Governance').

4.2 The attached report in Appendix A prepared by Grant Thornton, the Council's appointed external auditors, includes the following –

Opinion on the Accounts contained in Appendix B

The auditor concludes that –

- The Authority continues to prepare good quality accounts that are free from material misstatements and which are supported by good quality working papers;
- The accounts required a small number of changes to disclosures together with a small number of minor misstatements;

The auditor expects to issue an **unqualified opinion** on the Council's 2008/09 Accounts before the 30 September deadline.

The ISA260 report includes a number of recommendations and these have been discussed with officers and the management response is shown in Appendix C of the auditor's report

Value for Money conclusion

The auditor proposes to give an **unqualified VfM conclusion** before the 30 September deadline. This has been achieved by the authority scoring at least a level 2 for each Key Line of Enquiry on the Use of Resources Assessment. Provisional scores at this stage indicate level 3 for both Commissioning and Procurement and Principles of Governance.

4.3 The Council also needs to complete a Letter of Representation prior to the opinion on the Accounts being issued. The draft Letter is attached at Appendix C, and will be signed by the Head of Strategic Finance and the Managing Director.

5.0 **IMPLICATIONS**

5.1 Financial - There are no direct financial implications arising from this report.

5.2 Legal Issues – The Council is obliged to consider its audited accounts by 30th September 2009.

Appendix A - Auditors ISA 260 Report

Appendix B - Statement of Accounts 2008/09

Appendix C - Letter of Management Representation

Background Papers

None

File Reference

None