

QUESTIONS BY MEMBERS OF THE COUNCIL UNDER PROCEDURAL RULE 10.0
COUNCIL – 25 JANUARY 2012

QUESTIONS FROM COUNCILLOR BELL

Received on 20 January 2012.

1. Question

I would like an explanation for the 2-matters which could not be completed and were raised by the auditors and amounted to £320,000 for the annual accounts for 2010/11.

Answer

The background to this issue is that all local authorities were required to carry out significant additional work (including totally re-stating their previous year's balance sheets) in order to comply with International Financial Reporting Standard requirements. The consequence of this was that many authorities (and their auditors) were involved in finalising the final accounts right up to the statutory deadline of 30th September 2011.

In the case of Watford, the accounts and accompanying external audit report were completed on 27th September (with the Audit Committee meeting on 29th September to 'sign them off'). Again to put this in context, 28 authorities failed to meet the statutory deadline of 30th September.

With regard to the specific issue of £320k referred to within the external auditors report, it rather perplexed officers within the Shared Services Finance Division as they were unaware there was any such issue. Shortage of time meant that the External Audit Report was reported unchallenged as Watford had received an unqualified opinion for both its accounts and its approach to Value for Money. These two factors are the important issues.

Subsequently officers within Shared Services Finance e mailed the external auditor on three occasions for detail regarding the apparent misstated £320k. The Head of Strategic Finance pursued this on 13th January 2012 with the external auditors. A reply was received later that day in which the external auditor flagged up four instances which comprised the £320k. On the 16th January 2012 an officer from Shared Services Finance responded back pointing out that all four issues had in fact been amended during the audit and reflected correctly within the final Statutory Accounts.

A response has been received from the external auditor at 14.08 p.m. on 24th January which includes the following:...."we believe the query related to unadjusted items and there were no unadjusted items listed in the report. All items listed in our report have been agreed and confirmed....".

It is interpreted therefore that the reference to a £320k misstatement had in fact been overtaken by events and should have been deleted from the external auditors report. The Head of Strategic Finance is required to report back on this to the Audit Committee on 14th March where it is hoped this issue can finally be resolved.

For more information please contact

Ext: