

AGENDA ITEM: 7 Page nos. 1 - 3

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| Meeting | Audit Committee |
| Date | 29 September 2009 |
| Subject | External Auditor’s Report under International Standard on Auditing (ISA) 260 for the year 2008/09 |
| Report of Summary | Acting Chief Finance Officer To consider the detailed reports from the external auditor on matters arising from the audit of the 2008/09 accounts. This includes the pension fund accounts. |

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| Officer Contributors | Paul Stock, Assistant Director of Strategic Finance Maria G. Christofi, Finance Manager (Closing & Monitoring) |
| Status (public or exempt) | Public |
| Wards affected | Not applicable |
| Enclosures | ISA260 report – Statement of Accounts 2008/09 (to follow) |
| For decision by | Audit Committee |
| Function of Council | Council |
| Reason for urgency / exemption from call-in (if appropriate) | Not applicable |

Contact for further information: Maria G. Christofi, Finance Manager (020 8359 7122) or Paul Stock, Assistant Director of Strategic Finance (020 8359 7172)

1 RECOMMENDATIONS

- 1.1 That the matters raised by the external auditor relating to detailed aspects of the 2008/09 accounts, including the pension accounts, audit be noted.**
- 1.2 That the officer response to matters raised by the external auditor be noted.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 The Statement of Accounts for 2008/09 were approved, subject to audit, by the Audit Committee on 29 June 2009.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Review of reports made under the International Standard on Auditing (ISA)260 are an integral part of corporate governance.
- 3.2 The Corporate Plan includes an objective for an 'enhancing and further developing corporate governance' within 'More Choice, Better Value.

4 RISK MANAGEMENT ISSUES

- 4.1 A positive external audit opinion on Barnet's Statement of Accounts plays an essential and key role in providing assurance that Barnet's financial risks are managed in an environment of sound stewardship and control.

5 EQUALITIES AND DIVERSITY ISSUES

- 5.1 Accurate financial reporting is important to ensure the management of resources to enable the equitable delivery of services to all members of the community and to reduce the differential impact of the services received by all of Barnet's diverse communities.

6 USE OF RESOURCES IMPLICATIONS (FINANCE, PROCUREMENT, PERFORMANCE & VALUE FOR MONEY, STAFFING, ICT, PROPERTY, SUSTAINABILITY)

- 6.1 External Audit's opinion on the Statement of Accounts, as summarised in the ISA260, is the main factor that determines the Council's score in the Financial Reporting theme of the Use of Resources assessment. As a result, it plays a key role in determining the Council's overall Use of Resources score.

6. LEGAL ISSUES

- 6.1 None other than what may be contained in the body of the report.

7. CONSTITUTIONAL POWERS

- 7.1 Within the Council's Constitution, the functions of the Audit Committee are detailed and include "To consider the external auditor's annual letter, relevant reports and the report to those charged with governance".

8 BACKGROUND INFORMATION

- 8.1 In accordance with International Standard on Auditing (ISA) 260, the External Auditor is required to issue detailed reports on matters arising from the audit of the Council accounts and pension fund accounts.
- 8.2 The ISA 260 report has to be considered by "those charged with governance" before the External Auditor can sign the accounts, which legally has to be done by 30 September 2009. As the ISA 260 shows the outcome of the audit it cannot be circulated with this report as the audit has yet to be finalised. Officers will be meeting with Grant Thornton the week commencing 7th September to agree any account audit issues that need to be reported.
- 8.3 The ISA 260 report contains matters raised by the auditor, his recommendations on the issues, and the management response. Any further update on these items will be given verbally at the meeting. To assist members in reviewing the external auditor's comments the Statement of Accounts 2008/09 are attached for information.

9 LIST OF BACKGROUND PAPERS

- 9.1 None.

Legal: MM
CFO: JW