

	<h2>Audit Committee</h2> <h3>22 July 2014</h3>
<p style="text-align: right;">Title</p>	<p>External Auditor’s Report under International Standard on Auditing (ISA) 260 for the year 2013/14</p>
<p style="text-align: right;">Report of</p>	<p>Chief Operating Officer and Director of Finance</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A – Draft Pension Fund Accounts 2013/14 Appendix B – ISA 260 report for the Statement of Accounts 2013/14 Appendix C– ISA 260 report for The Pension Fund 2013/14</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Paul Thorogood – Assistant Director of Finance, CSG Finance Service Paul.Thorogood@capita.co.uk 07725 652910</p>

<h2>Summary</h2>
<p>The audit is substantively complete and is being reported to Audit Committee two months earlier than required. Grant Thornton anticipate providing an unqualified opinion on the Council’s financial statements.</p> <p>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’s accounts and pension fund accounts. The final report of the auditors will be provided at the meeting. The salient points are noted below.</p> <p>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 2014.</p> <p>Grant Thornton were presented with the draft financial statements on 31 May 2014 and accompanying working papers on 9 June 2014 and recognised that the Capita Customer Support Group finance team worked with their audit team effectively throughout the course of</p>

the audit to progress testing and respond to audit queries. They also recognised that the good working papers were provided.

Grant Thornton have not identified any adjustments affecting the Council's financial position. They have identified a number of minor disclosure changes, none of which changed the financial results previously reported in the draft financial statements (published on 31st May 2014) or the outturn reported to the Performance and Contracts Committee on 11th June 2014.

The key messages arising from the audit of the financial statements are:

- Assurance was gained that the Council had adopted appropriate accounting policies regarding revenue recognition and testing supported compliance with the policies
- Assurance was gained that all provisions had appropriate supporting evidence and were in accordance with the requirements of the Code.
- There was no evidence of management override of controls or creditors being understated or not recorded in the correct period

Grant Thornton are presenting their Audit Findings Report to the Council's Pension Fund Committee on 29th July. Grant Thornton expect to give an unqualified opinion on the pension fund accounts.

In providing the opinion on the financial statements, Grant Thornton are required to reach a conclusion on the adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources (the Value for Money Conclusion). Grant Thornton expect to present an unqualified Value for Money Conclusion.

The ISA 260 report contains matters raised by the auditor, their recommendations on the issues, and the management response. Any further update on these items will be given verbally at the meeting along with the final audited Statement of Accounts 2013/14. To assist Members in reviewing the external auditor's comments the draft Statement of Accounts 2013/14 can be found at:

http://www.barnet.gov.uk/download/downloads/id/3545/draft_statement_of_accounts_201314 and the Pension Fund accounts can be found in Appendix A.

Recommendations

- 1. That the Committee approve the audited Statement of Accounts and Pension Fund for 2013/14 and they be signed by the Chairman and the Chief Operating Officer/Director of Finance on behalf of the Council and the associated Letter of Representations.**
- 2. That the matters raised by the external auditor relating to detailed aspects of the 2013/14 accounts audit, including the pension fund accounts, be noted.**
- 3. That the officer response to matters raised by the external auditor be noted.**
- 4. That the Committee consider whether there are any areas on which they require additional information or action.**
- 5. That the Committee, following approval of the recommendations above and the Annual Governance Statement (considered elsewhere on the agenda) approve the Chief Operating Officer/Director of Finance to amalgamate the three documents and to publish these as one consolidated 'Statement of Accounts 2013/14'.**

1. WHY THIS REPORT IS NEEDED

- 1.1 Under Section 151 Local Government Act 1972- "...every local authority shall make arrangements for the proper administration of their financial affairs. Additionally 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's accounts and pension fund accounts. The final report of the auditors will be provided at the meeting

2. REASONS FOR RECOMMENDATIONS

- 2.1 So that the Council can meet its legal obligation to produce Audited statement of accounts including its Pension Fund.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None

4. POST DECISION IMPLEMENTATION

- 4.1 None

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

Review of reports made under the International Standard on Auditing (ISA) 260 are an integral part of corporate governance. This is in line with Barnet's Corporate Plan within "Better services with less money".

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The Statement of Accounts shows the financial position of the council as at 31 March 2014 and its Pension Fund to the same date.

5.3 Legal and Constitutional References

5.3.1 Section 151 Local Government Act 1972- "...every local authority shall make arrangements for the proper administration of their financial affairs

5.3.2 The Council is a public authority that is subject to the audit of its annual accounts by an external auditor appointed by the Audit Commission, under the provisions of the Audit Commission Act 1998.

5.3.3 The Council's Constitution, Responsibility for Functions - 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".

5.4 Risk Management

5.4.1 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.

5.5 Equalities and Diversity

5.5.1 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

5.6 Consultation and Engagement

5.6.1 The Council's Constitution, Responsibility for Functions - 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".

6. BACKGROUND PAPERS

6.1 None.