

	<h2>Audit Committee</h2> <h3>28th July 2016</h3>
<p style="text-align: right;"><b>Title</b></p>	<p><b>External Auditor’s Report under International Standard on Auditing (ISA) 260 for the year 2015/16</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Interim Chief Executive and Statutory 151 Officer</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: right;"><b>Key</b></p>	<p>No</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>Appendix A – ISA 260 report 2015/16 Appendix B – Audited Statement of Accounts 2015/16</p>
<p style="text-align: right;"><b>Officer Contact Details</b></p>	<p>Gillian Clelland – Assistant Director, CSG Finance Service Gillian.Clelland@barnet.gov.uk</p>

<h2>Summary</h2>
<p>The audit is substantively complete and is being reported to Audit Committee two months earlier than required by statute. BDO 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. The final report of the auditors will be provided at the meeting along with the final set of financial statements. 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. The accounts must be published by 30 September 2016.</p> <p>BDO were presented with the draft financial statements on 31 May 2016 and</p>

accompanying working papers on 7 June 2016 and recognised that the finance team worked with their audit team effectively throughout the course of the audit to progress testing and respond to audit queries.

BDO have not identified any adjustments affecting the Council's financial position. They have identified a number of reclassifications and a number of minor disclosure changes, none of which changed the financial results previously reported in the draft financial statements (published on 31 May 2016) or the outturn reported to the Performance and Contract Management Committee on 31 May 2016.

In providing the opinion on the financial statements, BDO 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). BDO 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. To assist Members in reviewing the external auditor's comments the audited Statement of Accounts 2015/16 is attached to this report.

## **Recommendations**

- 1. That the Committee approve the audited Statement of Accounts 2015/16 and they be signed by the Chairman and the Interim Chief Executive and Statutory 151 Officer on behalf of the Council.**
- 2. That the matters raised by the external auditor relating to detailed aspects of the 2015/16 accounts audit be noted.**
- 3. That the officer responses to matters raised by the external auditor be noted.**

### **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 financial statements.

### **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 "Where services are delivered efficiently to get value for the taxpayer".

##### **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 2016.

##### **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.

5.3.3 The Accounts and Audit Regulations 2015 require that the statement of accounts must be considered by a committee or full council and approved by a resolution of that body. The accounts must then be signed by the person presiding at the meeting. The section 151 officer must then re-confirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the authority and its income and expenditure for that year. The accounts must be published by 30 September 2016.

5.3.4 The Council's Constitution, Responsibility for Functions - the functions of the Audit Committee are detailed and include "To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council" and "To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts".

##### **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**  
N/A

**6. BACKGROUND PAPERS**

6.1 None