

COUNCIL			
Report Title	2015/16 FINAL ACCOUNTS AND EXTERNAL AUDITORS REPORTS		
Key Decision	No	Item No.	
Ward	All		
Contributors	EXECUTIVE DIRECTOR FOR RESOURCES AND REGENERATION		
Class	Open	Date:	21 September 2016

1 PURPOSE

1.1 The purpose of this report is to present to Council the External Auditor's reports (Audit Findings and Value for Money) on the audit of the Council's 2015/16 main accounts and Pension Fund accounts and to obtain members' approval of the Statement of Accounts for 2015/16 (including the Annual Governance Statement).

1.2 The Audit Findings Reports are attached, and set out:

"... the key issues affecting the results of London Borough of Lewisham ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2016 ... (and) whether, in our opinion, the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they have been properly prepared ... (and) whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ..."

1.3 The reports set out any issues arising from the audits that, in the opinion of the external auditor, are of sufficient significance to warrant informing and discussing with Members.

2. EXECUTIVE SUMMARY

2.1 As at the date of despatch of this report, the audits were substantially complete and the external auditor, Grant Thornton, anticipates that unqualified opinions on the financial statements will be issued. The external auditor's reports were discussed at the Audit Panel on 13 September 2016.

2.2 This report sets out the recommendations necessary to ensure that the statutory requirements are met. The external auditor requests that Members:

- Note the adjustments to the financial statements in the reports
- Approve the letters of representation on behalf of the council
- Agree the recommendations in the proposed action plan

2.3 Under the council's constitution these matters will be for Council to determine.

3. RECOMMENDATIONS

3.1 The Council are recommended to:

- i. Note the adjustments to the financial statements in the Audit Findings Reports
- ii. Agree the Action Plans set out in the Reports
- iii. Approve the Letter of Representation on behalf of the Council
- iv. Approve the Annual Governance Statement (AGS)
- v. Approve the 2015/16 audited Statement of Accounts

4. POLICY CONTEXT

4.1 Completing the audit of the council's accounts and receiving the auditor's report thereon contributes directly to the council's tenth corporate priority:

- **Inspiring efficiency, effectiveness and equity:** ensuring efficiency and equity in the delivery of excellent services to meet the needs of the community.

5. DETAIL

5.1 As at the date of despatch of this report, the audits were substantially complete and the external auditors, Grant Thornton, anticipate that subject to completing their outstanding work they will be giving an unqualified opinion on the financial statements and be giving an unqualified value for money conclusion.

5.2 By virtue of paragraphs 9(2), 10(1) and 21 of the Accounts & Audit Regulations 2015 ("The Regulations") the Council must, by no later than 30 September 2016:

- a. Consider either by way of a committee or by the members meeting as a whole the statement of accounts;
- b. Following that consideration, approve the statement of accounts by a resolution of that committee or meeting;
- c. Ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval was given;
- d. Publish (which includes publication on the body's website), the statement of accounts together with any certificate, opinion, or report given or made by the auditor.

5.3 The Audit Panel have already considered the reports and officers' responses to them in detail and a short summary will be provided at the meeting. By considering that summary, Members will have discharged their duty under The Regulations.

- 5.4 The draft accounts have been amended for the agreed findings of the audit and the Letter of Representation by the Executive Director for Resources and Regeneration will be signed accordingly.
- 5.5 Members are therefore, by recommendation 3.1(v) to this report, recommended to approve the accounts.
- 5.6 Officers will ensure that the correct protocols for the signature and publication of the accounts are followed, to ensure compliance with the requirements of The Regulations.

6 ANNUAL GOVERNANCE STATEMENT

- 6.1 This document has been updated from that considered at the Audit Panel on 8th June 2016 to reflect the comments of the external auditors and is submitted for approval.

7 FINANCIAL IMPLICATIONS

- 7.1 There are no direct financial implications in agreeing the recommendations in this report.
- 7.2 The total cost of external audit services in respect of 2015/16 is expected to be £219,000, including the cost of the audit of the accounts and the certification of grant claims and returns. The cost of the Pension Fund audit was £21,000.

8 LEGAL IMPLICATIONS

- 8.1 The key legal requirements are set out in paragraph 5.2 of this report. By agreeing the recommendations of this report Members will have put in place appropriate authority and arrangements to ensure that these are complied with.

9 EQUALITIES IMPLICATIONS

- 9.1 There are no equalities implications in this report.

10 CONSULTATION

- 10.1 The draft accounts have been published, and local electors have been able to exercise their rights to ask questions of the auditor in respect of them, and to inspect accounting records.

11 ENVIRONMENTAL IMPLICATIONS

- 11.1 There are no environmental implications in this report.

12 CRIME AND DISORDER IMPLICATIONS

- 12.1 There are no crime and disorder implications arising from this report.

13 BACKGROUND PAPERS

None

APPENDICES

1. Draft audited 2015/16 Main Statement of Accounts
2. Draft audited 2015/16 Pension Fund Statement of Accounts
3. 2015/16 Annual Governance Statement
4. Grant Thornton – The Audit Findings for the London Borough of Lewisham (including the Value for Money conclusion).
5. Grant Thornton – The Audit Findings for the Lewisham Pension Fund.
6. Letter of Representation – Main Accounts and Pension Fund Accounts

For further information on this report please contact:

Selwyn Thompson, Head of Financial Services, 0208 314 6932