

## AUDIT COMMITTEE

<b>Subject Heading:</b>	Annual Audit Letter
<b>SLT Lead:</b>	Jane West
<b>Report Author and contact details:</b>	Contact: Radwan Ahmed Designation: Head of Finance –Financial Control & Corporate Business Systems Telephone: 0203 373 0934 E-mail address: <a href="mailto:Radwan.Ahmed@onesource.co.uk">Radwan.Ahmed@onesource.co.uk</a>
<b>Policy context:</b>	Audit Committee responsible for approving accounts.
<b>Financial summary:</b>	The audit letter highlights the area of work which was covered within the audit as well as their findings.

### The subject matter of this report deals with the following Council Objectives

Communities making Havering	[x]
Places making Havering	[x]
Opportunities making Havering	[x]
Connections making Havering	[x]

<b>SUMMARY</b>
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Our external auditors, Ernst & Young, have issued their annual audit letter to the Committee summarising the results of their 2017/18 audit.

## RECOMMENDATIONS

The Committee is asked to note the contents of the letter and consider any issues raised by the external auditor.

## REPORT DETAIL

1. The purpose of the letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from the auditors' work which they consider needing to be brought to the attention of the Council. The letter is included at appendix A.
2. The letter includes the following issues:
  - 2.1 Ernst & Young issued unqualified opinions on both the Council's Main accounts including the group position, and the Pension Fund financial statements. The Audit Results report was issued on 31 July 2018 and their certificate was issued on 29 August 2018 upon completion of their Whole of Government Accounts work.
  - 2.2 The auditors are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. Page 16 of their report identifies one significant risk in relation to "*the establishment of Joint Venture*". In their assessment, they highlight the importance of decisions to the Council's strategic, operational and financial priorities, the effectiveness of the governance and risk management arrangements linked these key decisions. In addition it lists some of the key issues that need to be addressed as part of these arrangements
  - 2.3 The other area to highlight is control themes and observations from the auditors which are identified from page 19 of their letter. In 2016/17, 3 control issues were identified and a plan of action to resolve these concerns was undertaken. As part of the 2017/18, the auditors did not identify any significant deficiencies in the design or operation of Havering's internal controls that might result in a material misstatement in the Council's financial statements.

## IMPLICATIONS AND RISKS

### **Financial Implications and Risks:**

There are no financial implications or risks arising directly from this report. There are no financial consequences arising from the outcome of the audit of accounts.

### **Legal Implications and risks:**

There are no apparent legal implications in noting the content of the audit letter. The matters highlighted by the letter clearly identify some areas of legal and financial risk but the letter does not indicate any issues which are not already being addressed appropriately by management.

### **Human Resources Implications and risks:**

None arising directly

### **Equalities and Social Inclusion Implications and risks:**

None arising directly

## BACKGROUND PAPERS

Annual Statement of Accounts 2017/18 & To Those Charged with Governance.  
Audit Committee (30 July 2018)

## **Appendix A**

**London Borough of Havering**

**Annual Audit Letter 2017/18**