



AUDIT COMMITTEE

Subject Heading:

Annual Statement of Accounts 2018/19 & External Audit Report to those charged with Governance

SLT Lead:

Jane West

Report Author and contact details:

Contact: Radwan Ahmed
Designation: Head of Finance –Financial Control & Corporate Business Systems
Telephone: 0203 373 0934
E-mail address:
Radwan.Ahmed@oneSource.co.uk

Policy context:

Audit Committee responsible for approving accounts.

Financial summary:

There are no direct financial implications to the report.

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

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

SUMMARY

The Council's Statement of Accounts is required to be published after the conclusion of the external audit of accounts; no later than 31st July 2019. At this stage our auditors, Ernst and Young, expect to issue an unqualified opinion on the Statement of Accounts.

RECOMMENDATIONS

The Committee is asked to:

- a) Consider the contents of this report and the Statement of Accounts (Appendix A) , alongside the "External Audit Report to those charged with Governance" (Appendix B) and any verbal updates by the External Auditor under that agenda item, following their examination of the Council's accounts.
- b) Note that the audited accounts must be published by 31st July 2019.
- c) Note the amendments to the accounts arising from the audit of the accounts set out at section 1 of the Report.
- d) Approve the Statement of Accounts for the financial year ended 31st March 2019, having regard for the auditor's Report.
- e) Agree that the Chair of the Committee, in consultation with the Chief Operating Officer and Statutory Chief Finance Officer be delegated to approve any subsequent amendments to the Statement of Accounts that may be necessary as a result of audit completion procedures.
- f) To sign the Letter of Representation (Appendix C).

REPORT DETAIL

1. Statement of Accounts 2018/19

The Accounts and Audit Regulations 2015 require that the authority must prepare and publish its approved draft and audited accounts by 31st May and 31st July respectively (previously this was 30th June and 30th September). Although, this is the second year of the new statutory deadline, this change has had a significant impact on both Havering and our auditors to ensure the accounts are completed within the required timescales.

Our auditors, Ernst and Young, have almost completed their audit of the Statement of Accounts and expect to issue an unqualified opinion. A formal report on their findings will be circulated prior to audit committee.

The latest draft of the Statement of Accounts and Annual Audit report will be provided prior to the audit committee however there are only a few minor changes from the draft that had been circulated in June. These changes are currently being agreed with the auditors as a result of their work. The two main changes relate to:

- a presentational adjustment within the Financial Instrument disclosure (note 18) to include accrued interest within short term investment table
- a technical accounting adjustment of the Council's pension liability to incorporate recent legal developments. This has resulted in an increase in the liability by £8.2m, but has no impact on the council's general reserves.

Following approval of the recommendations by this Committee, the accounts and Letters of Representation must be signed by the Chair of the Committee and the Chief Financial Officer.

2. Accounting Policies

The Audit Committee meeting of 30th January 2019 noted the accounting policies to be applied to the financial year 2018/19, and these are reflected in the draft Statement of Accounts. The accounting arrangement around the group has been applied to consolidate Mercury Land Holdings within Havering's accounts, as in 2017/18. The joint venture arrangements has been disclosed within the accounts, however, the balances have been negligible to warrant full incorporation.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no direct financial implications arising from the publication or approval of accounting policies. There are no material changes to policy impacting upon the Council's financial position.

Legal implications and risks:

The Audit Committee is the decision making body in relation to the approval of the Annual Statement of Accounts which is one of the miscellaneous functions not to be the responsibility of the Executive.

There are no apparent legal implications in adopting the recommendations set out in this Report.

Human Resources implications and risks:

N/A

Equalities implications and risks:

N/A

Appendix A

London Borough of Havering

Statement of accounts for the financial year 2018/19

To Follow

Appendix B

Report to the Audit Committee of the authority on the audit of the statement of accounts and pension fund accounts for the year ended 31 March 2019 (ISA (UK&I) 260)

To Follow

Appendix C

London Borough of Havering – Letter of Representation

Havering Pension Fund– Letter of Representation

To Follow