



**Havering**  
LONDON BOROUGH

## AUDIT COMMITTEE

**Subject Heading:**

Annual Statement of Accounts 2017/18 &  
To those charged with Governance

**SLT Lead:**

Jane West

**Report Author and contact details:**

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**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

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## **SUMMARY**

The Council's Statement of Accounts is required to be published after the conclusion of the external audit of accounts; no later than 31<sup>st</sup> July 2018. 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 "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 2018.
- c) Note the amendments to the accounting policies arising from the audit of the accounts set out at paragraph 2 of the Report.
- d) Approve the Statement of Accounts for the financial year ended 31st March 2018, 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 2017/18**

The Accounts and Audit Regulations 2015 require that from financial year 2017/18, each local authority must prepare and publish its approved draft and audited accounts by 31<sup>st</sup> May and 31<sup>st</sup> July respectively (previously 30<sup>th</sup> June and 30<sup>th</sup> September). 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 between debtors and creditors of £561k relating to the netting off of payroll balances
- a reclassification of £3,545k relating to the treatment of Leaseholders Major Work's balances, from Creditors, to the aggregate HRA earmarked reserve.

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 28<sup>th</sup> February 2018 noted the accounting policies to be applied to the financial year 2017/18, and these are reflected in the draft Statement of Accounts. The accounting arrangement around the group has been made more explicit and clarifies the consolidation of Mercury Land Holdings as well as the joint venture arrangements which will be incorporated into Havering's accounts in 2018/19.

### **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: N/A**

#### **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 2017/18**

**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 2018 (ISA (UK&I) 260)**

**To Follow**

## **Appendix C**

**London Borough of Havering – Letter of Representation**

**Havering Pension Fund– Letter of Representation**

**To Follow**