



**Haringey** Council

Agenda Item

**General Purposes Committee**

**On 29 September 2008**

Report title: **Annual Governance Report – to consider the statutory report of Grant Thornton, the Council’s appointed auditor.**

Report of: **Chief Financial Officer**

**Ward(s) affected:** All

**Report for:** Decision

**1. Purpose**

1.1 To present the statutory Annual Governance Report of Grant Thornton which reports on their annual audit of the Council’s statutory accounts, value for money and other relevant information.

**2. Recommendations**

- 2.1 That the Committee consider the contents of this report and any further verbal updates given at the meeting from Grant Thornton.
- 2.2 That the Committee approve the revised Statement of Accounts 2007/08.

**Report authorised by: Gerald Almeroth – Chief Financial Officer**

**Contact officer: Graham Oliver – Head of Finance –Accounting and Control  
Telephone 020 8489 3725**

### **3. Executive Summary**

- 3.1 The statutory report of Grant Thornton on certain matters relating to the Council's governance responsibilities needs to be considered before a final opinion of the Council's financial statements for 2007/08 is given and a concluding statement on the Council's arrangements for securing economy, effectiveness and efficiency in the use of resources.
- 3.2 It is expected that an unqualified opinion on the accounts will be given and that the Council's arrangements for securing economy, effectiveness and efficiency in the use of resources will also be given by the deadline of 30<sup>th</sup> September 2008.

### **4. Reasons for any change in policy or for new policy development (if applicable)**

- 4.1 None.

### **5. Local Government (Access to Information) Act 1985**

**The following background papers were used in the preparation of this report:**

Report of Chief Financial Officer to General Purposes Committee on 26 June 2008 – Statement of Accounts 2007/08.

### **6. Background**

- 6.1 The purpose of this report is for Grant Thornton to present certain matters relating to their audit of the Council's financial statements 2007/08 and their review of the Council's Use of Resources pertaining to this. This reporting requirement is in accordance with the Audit Commission's statutory Code of Practice for Local Government bodies. It requires auditors to report to those charged with governance before the audit of the accounts is finalised.
- 6.2 The attached report from Grant Thornton sets out the findings of the auditors so far under various headings and contains an action plan for making further improvements to the accounts and the Council's closing procedures.
- 6.3 The Council has worked closely with Grant Thornton to improve the 2007/08 accounts process, which has included a jointly agreed action plan, arising from the 2006/07 audit, training sessions to finance staff to ensure improvements in the accounts closure process and working closer with the auditors throughout the accounts closure period, and the audit process, to ensure a smooth and efficient audit.

- 6.4 For 2007/08 the report from Grant Thornton also includes comments which will feed into the Council's Use of Resources and a conclusion on whether the Councils has adequate arrangements for delivering value for money.
- 6.5 For 2007/08 there are no areas of dispute between the Council and the auditors and all amendments the auditors have required to be made to the accounts have been actioned.

## **7. Annual Governance Report**

- 7.1 The detailed Annual Governance report from Grant Thornton is attached at Appendix A.
- 7.2 During the course of the audit a number of amendments to the accounts were identified and the Council agreed to make these changes. Key amendments that were made are as follows:
- an adjustment related to pension fund investment income which was incorrectly accounted for as Council investment income of £56k. This change has increased the General Fund deficit for the year £k and reduced the General Fund reserve on the balance sheet by the same amount;
  - double counting of standards fund grant income resulted in an over statement of income and expenditure of £17.633 million which has a net nil impact on the accounts, and;
  - HRA 2006/07 adjustment of £4.225 million on both income and expenditure due to income being netted off against expenditure thus understating both sides, which also has a net nil impact on the accounts.
- 7.3 A revised set of accounts, fully adjusted for all matters raised by the auditors is attached at Appendix C for approval.

## **8. Next Steps**

- 8.1 Grant Thornton are required to give their opinion on the accounts by 30 September so any outstanding work on the audit needs to be completed before then.
- 8.2 The Chief Financial Officer is required to sign a letter of representation to acknowledge the responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. A proposed draft of this letter is contained at Appendix B of this report.
- 8.3 The report from Grant Thornton includes a draft action plan which will require a formal management response from the Council. Upon the formal conclusion of the audit and the finalisation of any action plan the Chief Financial Officer will provide the auditors with a management response and this will form the basis

of the Council's closing action for 2008/09. This action plan will reported to the Audit Committee at its meeting on 28th October 2008 and subsequently monitored by them.

- 8.4 The Audit and Inspection Letter needs to be completed and agreed with officers and the Leader of the Council by 31 January. It will then be made available to all Councillors and reported to the Cabinet. The final letter will contain references to the final opinion and a summary of the Annual Governance report issues.
- 8.5 The revised pension fund accounts and auditors report will be reported to the Pensions Committee on 20<sup>th</sup> October 2008.

## **9. Financial Implications**

- 9.1 There are no direct financial implications arising from the recommendations in this report.

## **10. Recommendations**

- 10.1 That the Committee consider the contents of this report and any further verbal updates given at the meeting from Grant Thornton.
- 10.2 That the Committee approve the revised Statement of Accounts 2007/08.

## **11. Head of Legal Services comments**

- 11.1 There are no legal implications from this report.