

	<p style="text-align: center;">Audit Committee Wednesday 19th September 2007</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p>
For/Information	Wards Affected: ALL
<p style="text-align: center;">Report Title: STATEMENT OF ACCOUNTS 2006/07 INTERNATIONAL STANDARD ON AUDITING (ISA)260</p>	

Forward Plan Ref:

1.0 Summary

- 1.1 Under the Council's Constitution, the General Purposes Committee has responsibility for approving the accounts, which they did on 26th June 2007. The Audit Committee, however, has responsibility for reviewing the annual statement of accounts to ensure that appropriate accounting policies have been followed and, where required, that concerns arising from the financial statements or from the audit are brought to the attention of the Council.
- 1.2 The basis for this consideration is the ISA 260 report which the Council's external auditors, PricewaterhouseCoopers (PWC), produce following completion of the audit of accounts. The ISA 260 report is intended to identify any unadjusted mis-statements or material weaknesses in controls identified during the audit work. PWC are in the process of completing their audit of the 006/07 accounts and will then issue their ISA 260 report for this Committee to consider. The ISA260 report itself together with the representation letter from the Director of Finance and Corporate Resources to PWC will be circulated to members prior to the Committee meeting.

2.0 Recommendations

Members are asked to:

- 2.1 Note the ISA260 report from PwC and the representation letter from the Director of Finance and Corporate Resources to PwC (both to be circulated);
- 2.2 Consider the accounting policies that have been followed and decide whether any issues arising from the financial statements and the audit need to be brought to the attention of Full Council.

3.0 Detail

- 3.1 From the 2002/03 financial year onwards PwC were required to produce a Statement of Auditing Standard (SAS)610 report. The purpose of this report was to notify Members of any unadjusted mis-statements or material weaknesses in controls identified during their audit work. This new requirement was partly prompted by the strengthening of accounting and audit standards after the “Enron Affair”. The aim is to ensure transparency of process to those with a responsibility for the accounts. For the 2005/06 and 2006/07 accounts the report from PwC is now produced in accordance with ISA260 which is in line with international auditing standards.
- 3.2 This is the first year that the Audit Committee has been responsible for examining the external auditors’ report on issues arising from the audit of the accounts. In previous years this report was received by General Purposes Committee. Audit Committee can review the accounts to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- 3.3 Members should note that each year there is a statutory 20 day period for public inspection of the accounts. The public can inspect and make copies of the accounts and all books, deeds, contracts, bills, vouchers and receipts related to them. This excludes personal information such as staff salaries. The 20 days for public inspection of the 2006/07 accounts were from 6th August to 3rd September 2007 inclusive. No members of the public asked to inspect the 2006/07 accounts during the statutory period.
- 3.4 The audit of accounts by PwC is now virtually complete and the ISA 260 report will be ready to circulate shortly. In addition, each year the Director of Finance and Corporate Resources sends a representation letter to PwC about the annual accounts, which will be available for circulation at the same time as the ISA 260 report.

4.0 Financial Implications

- 4.1 There have been some adjustments to the Statement of Accounts during the course of the audit but for the most part these are changes to balance sheet items and notes to the accounts which have only a minor impact on the Council’s overall financial position. PwC will send the Council their audit opinion after the conclusion of this committee.

5.0 Legal Implications

- 5.1 No specific implications.

6.0 Diversity Implications

6.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it.

7.0 Staffing Implications

7.1 None Specific

8.0 Background Information

8.1 Draft 2006/07 Statement of Accounts, General Purposes Committee, 26th June 2007.

9.0 Contact Officer

Any person wishing to inspect these documents should contact Max Gray, Finance and Corporate Resources, Room 107, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1464.

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