

	<p><b>Audit Committee</b> Tuesday 18<sup>th</sup> December 2007</p> <p><b>Report from the Director of Finance and Corporate Resources</b></p>
For/Information	Wards Affected: ALL
<p><b>Report Title: INTERNATIONAL STANDARD ON AUDITING (ISA)260</b></p>	

## 1.0 Summary

- 1.1 The Audit Committee 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. A draft ISA 260 report was considered at the Audit Committee on 19<sup>th</sup> September 2007, along with a copy of the accounts for 2006/07.
- 1.3 The ISA 260 report has now been finalised and staff from PWC will attend the Audit Committee meeting to present it. The report will also include the Council's 2006/2007 Use of Resources score for CPA purposes which will not be released officially until 11<sup>th</sup> December. The ISA 260 report itself will be circulated as soon as the scores have been released.

## 2.0 Recommendations

Members are asked to:

- 2.1 Note the ISA260 report from PwC and the management actions to address issues raised within it (ISA 260 report to be circulated).

## 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 ISA 260 which is in line with international auditing standards.

3.2 A draft of the ISA 260 report was considered at the Audit Committee meeting on 19<sup>th</sup> September 2007. Following that Committee meeting, PWC issued an unqualified audit opinion on the 2006/07 accounts.

3.3 The final version of the ISA 260 report, which will be circulated shortly, includes a further recommendation in relation to the Council's treatment in its 2006/07 accounts of a debt owed by the Metropolitan Housing Trust. In addition, it will include Use of Resources scores for 2006/07 which feed into the overall CPA assessment for 2007, the results of which will be published in February 2008.

3.4 Representatives from PWC will be at the meeting to present their report.

#### **4.0 Financial Implications**

4.1 There are no financial implications arising directly from this report.

#### **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, 26<sup>th</sup> 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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