

PART 1 - PUBLIC

<Please select>

Decision Maker:

**Executive
Audit Sub Committee**

Date:

14th December 2011
15th December 2011

Decision Type:

Non-Urgent Non-Executive Non-Key

Title:

ANNUAL AUDIT LETTER 2010/11

Contact Officer:

Mark Gibson, Chief Internal Auditor
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Chief Officer:

Doug Patterson, Chief Executive

Ward:

All

1. Reason for report

The purpose of this letter is to provide a high level summary of the results of the 2010/11 audit work that the external auditor has undertaken.

2. **RECOMMENDATION(S)**

a. **Note the report**

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: Recurring cost.
 3. Budget head/performance centre: Audit
 4. Total current budget for this head: £376,660.
 5. Source of funding: N/A
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Staff

1. Number of staff (current and additional): n/a
 2. If from existing staff resources, number of staff hours: n/a
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Legal

1. Legal Requirement: Statutory requirement. Audit Commission Act 1998
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: None

3. COMMENTARY

3.1 The purpose of the attached letter is to provide a high level summary of the results of the 2010/11 audit work that the external auditor has undertaken. PWC have already reported the detailed findings from their audit work to those charged with governance in the following reports:

- London Borough of Bromley 2010/11 Audit Plan.
- London Borough of Bromley Pension Fund 2010/11 Audit Plan.
- London Borough of Bromley ISA 260 Report to those charged with Governance.
- London Borough of Bromley Pension Fund ISA 260 Report to those charged with Governance.
- Audit opinion on the London Borough of Bromley 2010/11 financial statements, including Value for Money Conclusion.
- Audit opinion on the London Borough of Bromley Pension Fund.
- Internal Control Recommendations report to management.

3.2 It is pleasing to note that there were not any significant recommendations raised in the ISA 260 reports on the audit of the Authority's financial statement or pension fund and that the internal control report recommendations notified separately to the Finance Director along with action plans have been agreed with officers. The areas where recommendations for improvement have been identified include:

- Developing a formal process to consider the potential valuation movements of all Land & Building assets.
- Ensuring that the value of all Investment Properties are considered on an annual basis.
- Undertake a review the closedown process to ensure that the procedures for ensuring that expenditure is recorded in the right financial year are appropriate.
- Further testing of disaster recovery plans and system access and monitoring.

4. FINANCIAL IMPLICATIONS

4.1 The external audit fee arrangements are set annually by the Audit Commission. The fee is calculated using a fee scale that takes into account the work required to deliver the requirements set out in the Audit Commission's Code of Practice and is adjusted along a range based on the external auditor's assessment of risk at a particular authority. The fee is negotiated each year.

5. LEGAL IMPLICATIONS

5.1 Auditors' responsibilities are set out in the [Audit Commission Act 1998 \(external link\)](#). There is a [Code of Audit Practice for local government bodies](#). These Codes prescribe how auditors carry out their functions under the Act and are approved by Parliament at least once every five years, giving them statutory effect.

6. PERSONNEL IMPLICATIONS

6.1 None.