

PART 1 - PUBLIC

Decision Maker: **Audit Sub Committee**

Date: **23rd March 2010**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **External Audit Reports**

Contact Officer: Mark Gibson, Assistant Director Resources (Audit and Technical)
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Chief Officer: Paul Dale, Director of Resources and Deputy Chief Executive

Ward: All

1. Reason for report

This report informs Members of the external audit activity, plans and the Annual Letter which has been approved by the Executive on 3rd March 2010.

2. **RECOMMENDATION(S)**

Members are asked to note the reports and comment on them as appropriate

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: External Audit
 4. Total current budget for this head: £328,000
 5. Source of funding: N/A
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Staff

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

1. Legal Requirement: Statutory requirement. Code of Audit Practice
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All stakeholders
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Ward Councillor Views

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

3. COMMENTARY

The attached three reports issued by the external Auditor are presented for Member information and comment. A representative from PWC Bromley's External Auditors will be present at the meeting.

3.1 External Audit plan

The Audit Plan has been prepared to inform the officers and Members of London Borough of Bromley (the Council) about the responsibilities the external auditors have and how we plan to discharge them. An audit fee letter was issued on 10 March 2009, in accordance with Audit Commission requirements, which set out the indicative fees for 2009/10.

This plan sets out in more detail the proposed audit approach for the year. Every Council is accountable for the stewardship of public funds. The responsibility for this stewardship is placed upon the Members and officers of the Council. The external Auditor's principal objective is to carry out an audit in accordance with the Audit Commission's Code of Audit Practice (the Code).

Based upon discussion with management and the external auditor's understanding of the Council and the local government sector, recent developments and other relevant risks have been factored in. The Plan has been drawn up to consider the impact of these developments and risks.

The external auditor also thanks Members and officers of the Council for their help in putting together this Plan. The Plan outlines the audit approach for the period 1 April 2009 to 31 March 2010, including the 2009/10 final accounts audit which we is undertaken in the summer of 2010. The detailed plan is attached.(appendix 1)

3.2. Annual Grant Claim Certification Report

The attached report is the first annual report summarising the results of the external auditor's 2008/09 grant claim certification work. (Appendix 2) The purpose of the letter is to provide a high level overview of the results of the certification work that has been undertaken at the London Borough of Bromley ("the Council") between March 2009 and January 2010 that is accessible for members and other interested stakeholders.

The results of certification work are considered when performing other Code of Audit Practice work at the Council, including for our conclusions on the financial statements, use of resources, data quality, and financial management.

All claims brought to the attention of the auditor have been audited. All deadlines for submission of audited claims/returns were met with the exception of the Childcare Affordability Programme (CAP) Grants for 2007/08 and 2008/09 and the General Sure Start 2007/08 claim. The work on the CAP grants was delayed until agreement of the amounts was received by Bromley from the Greater London Enterprise (GLE) and was completed in January 2010. The format of the Sure Start grant submission

3.3 Annual Audit Letter

The purpose of the letter is to provide a high level summary of the results of the 2008/09 audit work we have undertaken at London Borough of Bromley that is accessible for members and other interested stakeholders. (Appendix 3)

The auditor has already reported the detailed findings from our audit work to those charged with governance in the following reports:

- Audit opinion for 2008/09 financial statements, incorporating the conclusion on Use of Resources
- Report to those charged with Governance (ISA (UK&I) 260)
- Audit opinion on the Pension Fund
- Report to those charged with Governance (ISA (UK&I) 260) on the
- Pension Fund Annual Report and Accounts
- Use of Resources report (copy placed in Members' Room).

The external auditor now feels they have a good understanding of the Council, its risks, challenges and objectives. They recognise that there is likely to be significant pressures on the public sector finances over the medium term and the Council is likely to have to make

4. FINANCIAL IMPLICATIONS

4.1 External Audit fees for 2010/11 are estimated at £328,000

Non-Applicable Sections:	Legal and Personnel
Background Documents: (Access via Contact Officer)	Use of Resources report 2008/9