



Our reference 20121025 Southwark Council audit letter

25 October 2012

Members
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Dear Members

Southwark Council Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Southwark Council, including the Pension Fund that it administers.

Financial statements of the Authority

On 26 September 2012 I presented my Annual Governance Report (AGR) to the Audit and Governance Committee outlining the findings of my audit of the Council's 2011/12 financial statements.

Financial statements of the Pension Fund

In addition on 26 September 2012 I presented my AGR to the Audit and Governance Committee outlining the findings of my audit of the Pension Fund 2011/12 financial statements included within the Council's Statement of Accounts and the Pension Fund Annual Report

Reporting the results of my audit

Following the Audit and Governance Committee, I issued an unqualified opinion on the Council's 2011/12 financial statements and the Pension Fund 2011/12 financial statements included in the Council's Statement of Accounts on 27 September 2012. I have completed the outstanding work on the Whole of Government Accounts submission and I issued my report to the NAO on 4 October 2012.

Overall the Council has continued to make progress in its closedown arrangements to secure improvements in the quality of its financial statements. The number of amendments to the draft Statement of Accounts has reduced compared with prior years. The majority of amendments identified related to classification of transactions in notes supporting the Statement of Accounts. None of the audit amendments made affected the Council's General Fund surplus for the year or the balances of its other available reserves.

I concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

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The Council continues to demonstrate strong financial resilience despite reduced funding and the impact of the recent economic downturn. The Council's robust financial and treasury management have underpinned effective savings delivery throughout 2011/12 whilst minimising the impact on service provision. The Council delivered £53.8 million of its planned £56.2 million savings.

The Council has made good progress against a very tight timescale for introducing a local Council Tax Support system. It has decided its preferred model and plans are in place to complete the required consultation process. However, there is still much to do to ensure the new system is in place and operating from April 2013.

Grants Certification

The audit of the grants certification programme is progressing well with three of the six claims already certified. The largest and most complex claim is the Housing Benefit and Council Tax Benefit subsidy claim, which was signed on 12 October, well ahead of the certification deadline of 30 November 2012. There were delays to the submission of one grant claim, which was due on the 30 April and has a certification deadline of 31 July. The claim was not submitted until the 13 September.

Duties under the Audit Commission Act 1998

I have followed up the implementation of recommendations I made in relation to an objection by a local elector. My review concluded that whilst the Council had implemented two of the recommendations fully, further work was needed to implement the other two recommendations. The Council should:

- review the basis of inclusion of overhead costs included in the calculation of council tax summonses to ensure only relevant costs are included; and
- identify the reasons for the withdrawal of council tax liability orders to ensure that the Council's policy is being correctly applied.

Closing remarks

I have discussed and agreed this letter with the Strategic Director of Finance and Corporate Services. While this has been another challenging year for the Council, I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit and Governance Committee for their support and co-operation during the audit.

Yours sincerely

Susan M Exton
District Auditor