



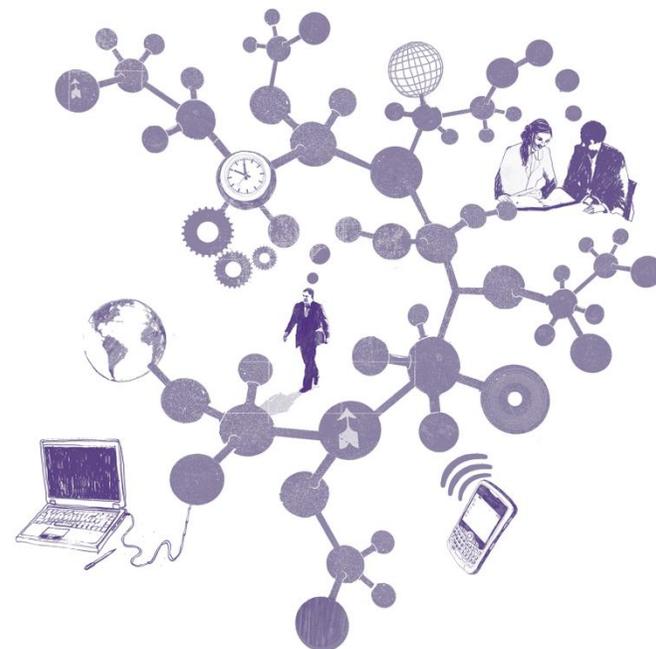
The Annual Audit Letter for Southwark Council

Year ended 31 March 2015

October 2015

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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Southwark Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 4 February 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

Financial statements audit (including audit opinion)	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 15 September 2015 to the Audit and Governance Committee.</p> <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 25 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p> <p>We recommended the Council should perform a reconciliation of the asset register to the valuation report before producing the financial statements.</p>
Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2014/15 on 25 September 2015.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p>

Key messages continued

Whole of Government Accounts	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the final version of the pack was consistent with the audited financial statements on 1 October 2015. The deadline for submission was 2 October 2015.
Certification of housing benefit grant claim	We are currently auditing 2014/15 Housing Benefit claim. We will meet the deadline of 30 November 2015 submission of the audited claim.
Audit fee	Our fee for 2014/15 was £316,394 for the Council audit and £21,000 for the pension fund, excluding VAT which was in line with our planned fee for the year and remains the same as the fee in the previous year. Further detail is included within appendix B.

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p>PPE valuation: Errors were identified in the valuation of the council dwellings and land as a result of the information from the valuer being incorrectly input to the asset register.</p> <p>Recommendation: The council should perform a reconciliation of the asset register to the valuation report before producing the accounts</p>	High	<p>Management response: Working papers and protocol have been updated to include the requirement for a reconciliation. Reconciliation will be done before producing the accounts.</p> <p>Responsible officer: Director of Finance, Jennifer Seeley</p> <p>Due date: by 31 March 2016</p>

Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Council audit (note1)	316,394	316,394
Housing benefit grant certification fee	24,047	24,047
Pension Fund	21,000	21,000
Total audit fees	361,441	361,441

Note 1 – The scale fee for 2014/15 is £316,394. Following the changes to certification arrangements for the National Non-Domestic Rates (NNDR) return and additional work being required as part of the accounts audit, the scale fee has been increased by £2,600 in 2014/15.

Fees for other services

Service	Fees £
Non-audit related services	
• Housing model review	6,000
• Advisory support on new council homes programme	1,608
• Financial resilience capacity building	
• Review options for joint legal services between Lambeth and Southwark	10,000 23,000
• Benchmarking analysis	5,190
Audit related services	
• Teachers' Pension return for 2014/15	4,500

Reports issued

Report	Date issued
Audit Plan	4 February 2015
Audit Findings Report	4 September 2015
Certification Letter	Not yet due – will be issued in December 2015
Annual Audit Letter	23 October 2015



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