

To: Frances Button (Chairman) Claudia Webbe  
Christine Hamilton John Wyllie  
Simon Walsh Vacancy x 2  
(Subject to reappointment to the committee at the AGM preceding this meeting)

A meeting of the **AUDIT COMMITTEE** (Quorum – 3) will be held at these offices on:

**THURSDAY, 5 JULY 2018 AT 14:45**

at which the following business will be transacted:

#### **AGENDA**

1 To receive apologies for absence.

2 **DECLARATION OF INTERESTS**

Members are asked to consider whether or not they have disclosable pecuniary, other pecuniary or non-pecuniary interests in any item on this Agenda. Other pecuniary and non-pecuniary interests are a matter of judgement for each Member. (Declarations may also be made during the meeting if necessary.)

3 **PUBLIC SPEAKING**

To receive any representations from members of the public or representative of an organisation on an issue which is on the agenda of the meeting. Subject to the Chairman's discretion a total of 20 minutes will be allowed for public speaking and the presentation of petitions at each meeting.

4 **EXTERNAL AUDITORS' AUDIT RESULTS REPORT** To Follow  
- 2017/18 ACCOUNTS

Presented by Simon Sheldon, Director of Finance & Resources

5 **DRAFT UNAUDITED FINAL ACCOUNTS 2017/18** Paper AUD/92/18

Presented by Simon Sheldon, Director of Finance & Resources

**6 URGENT BUSINESS**


Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency by reason of special circumstances to warrant consideration.

**7 EXEMPT ITEMS**

Consider passing a resolution based on the principles of Section 100A(4) of the Local Government Act 1972, excluding the public and press from the meeting for the items of business listed on Part II of the Agenda, on the grounds that they involve the likely disclosure of exempt information as defined in those sections of Part I of Schedule 12A of the Act specified beneath each item. (There are no items currently listed for consideration in Part II.)

27 June 2018

Shaun Dawson  
Chief Executive

 <p><b>LEE VALLEY REGIONAL PARK AUTHORITY</b></p> <p><b>AUDIT COMMITTEE</b></p> <p><b>5 JULY 2018 AT 14:45</b></p>	<p><b><u>Agenda Item No:</u></b></p> <p style="text-align: center;"><b>4</b></p> <p><b><u>Report No:</u></b></p> <p style="text-align: center;"><b>AUD/93/18</b></p>
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**EXTERNAL AUDITORS' AUDIT RESULTS REPORT  
– 2017/18 ACCOUNTS**

Presented by the Director of Finance & Resources

**SUMMARY**

Members of the Audit Committee will consider the financial statements (Paper AUD/92/18) as the next report on this agenda. This paper presents the external auditors' report to Members - the Audit Results Report following conclusion of the 2017/18 audit of the Authority's Financial Accounts.

The Audit Results Report Executive Summary is set out in Appendix A to this report (the full report was made available to Members electronically). Subject to satisfactory resolution of the outstanding issues as set out in that Executive Summary the auditors expect to give an unqualified opinion. Debbie Hanson, Associate Partner, and Pamela Hillie, Manager, Ernst & Young, will be at the meeting to present their report and answer questions as required.

Members will be aware that Ernst & Young were appointed as the Authority's external auditors for five years up to 2017/18 and for a further five years from 2018/19 to 2022/23.

**RECOMMENDATION**

Members Note (1) the 2017/18 External Auditors' Audit Results Report for the Authority as set out in Appendix A to this report.

**BACKGROUND**

1 The role of the external auditor is to provide an independent assessment of how the Authority is discharging its responsibility for the stewardship of public money, issue an audit opinion upon the Authority's financial statements, as well as giving a view on proper arrangements within the Authority for securing economy, efficiency and effectiveness in the use of resources. The auditors' conclusions are reported in their Audit Results Report (ARR) which summarises their work and recommendations.

## **AUDIT RESULTS REPORT 2017/18**

- 2 The draft ARR for 2017/18 was received on 28 June 2018 and the executive summary is attached as Appendix A to this report. The external auditors will take Members through their report at the meeting. Subject to satisfactory resolution of the outstanding issues in the executive summary, the external auditors expect to give an unqualified opinion on the financial statements and conclude that appropriate arrangements are in place in relation to the value for money conclusion.
- 3 The external auditors identified that a formal journal authorisation process be put in place to further reduce the risk of material misstatement and management override – a recommendation that has been accepted by management and will be implemented.
- 4 The comments made by the external auditors should be viewed in the context of the whole internal control framework. The Authority has robust systems of control verified by Mazar's (the Authority's internal auditors) who review the Authority's core systems. In all cases a substantial assurance was reported to Members in June this year (paper AUD/88/18) for the core systems.
- 5 Further assurance is derived from the external auditor who has carried out full substantive testing to address the risks identified in their Audit Plan and they have gained the required assurance to mitigate against a material misstatement in the Authority's financial statements.
- 6 Currently there are no further matters to report.

## **ENVIRONMENTAL IMPLICATIONS**

- 7 There are no environmental implications arising directly from the recommendations in this report.

## **EQUALITY IMPLICATIONS**

- 8 There are no equality implications arising directly from the recommendations in this report.

## **FINANCIAL IMPLICATIONS**

- 9 Appendix B of the ARR sets out the external auditor's fee for completion of their work which is set at £18,619; there are no reported variations to this fee.
- 10 If Members accept the ARR then the Director of Finance & Resources and the Audit Committee Chair will be required to sign off the accounts and the Letter of Representation.
- 11 A full set of accounts will be published on the Authority's website by 31 July when the Audit Director issues her formal opinion and the accounts are signed off.

## **HUMAN RESOURCE IMPLICATIONS**

- 12 There are no human resource implications arising directly from the recommendations in this report.

**LEGAL IMPLICATIONS**

- 13 There are no legal implications arising directly from the recommendations in this report.

**RISK MANAGEMENT IMPLICATIONS**

- 14 There are no risk implications arising directly from the recommendations in this report.

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**BACKGROUND REPORTS**

Final Accounts (Electronic) Working Files June 2018

**ABBREVIATIONS**

ARR Audit Results Report

**APPENDIX ATTACHED**

Appendix A Executive Summary Audit Results Report

**PREVIOUS COMMITTEE REPORTS**

Audit Committee	AUD/92/18	Unaudited Accounts 2017/18	05 July 2018
Audit Committee	AUD/88/18	Annual Report on the Work of Internal Audit 2017/18 & Audit Plan 2018/19	21 June 2018
Audit Committee	AUD/84/18	External Audit 2017/18 – Audit Plan	22 February 2018

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**Lee Valley Regional  
Park Authority  
Audit results report  
Year ended 31 March 2018**

28 June 2018



Building a better  
working world



Private and Confidential

28 June 2018

Dear Audit Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Lee Valley Regional Park Authority for 2017/18.

We have substantially completed our audit of Lee Valley Regional Park Authority for the year ended 31 March 2018.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form in Section 3, before the statutory deadline of 31 July 2018. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 5 July 2018.

Yours faithfully

Debbie Hanson











Associate Partner

For and on behalf of Ernst & Young LLP

Encl



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<b>01</b> Executive Summary	<b>02</b> Areas of Audit Focus	<b>03</b> Audit Report	<b>04</b> Audit Differences	<b>05</b> Value for Money	<b>06</b> Other reporting issues
					
					
<b>07</b> Assessment of Control Environment	<b>08</b> Data Analytics	<b>09</b> Independence	<b>10</b> Appendices		

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website ([www.psa.a.co.uk](http://www.psa.a.co.uk)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Lee Valley Regional Park Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Lee Valley Regional Park Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Standards Committee and management of Lee Valley Regional Park Authority plc for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary

# Executive Summary

## Scope update

In our Audit Planning Report presented to the 22 February 2018 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan.

### Materiality:

- ▶ In our Audit Committee Planning Report, we communicated that our audit procedures would be performed using a materiality of £4.4 million, but that we would update this at year end. This level of materiality increased at year end to 4.7 million. The basis of our assessment of materiality changed in the current year, in that the materiality figure was set at 2% of total non-current assets. At planning stage we also set specific a materiality of £0.358 million for those items in the comprehensive income and expenditure statement which impact on the levy. This includes income and expenditure in the net cost of services, financing and investment income and expenditure and non specific grant income. This figure has increased to £0.369 million based on the draft accounts. The threshold for reporting misstatements that have an effect on the primary statements is 239k.
- ▶ We have also set a specific materiality for officer remuneration disclosures, members' allowances and exit packages. This reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to these items.

## Status of the audit

We have substantially completed our audit of Lee Valley Regional Park Authority's financial statements for the year ended 31 March 2018 and have performed the procedures outlined in our Audit Planning Report. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise in the following areas:

- Receipt of a letter of assurance from London Pension Fund Auditor in respect of the IAS19 arrangements
- Pensions
- Review of the final version of the financial statements
- Completion of subsequent events review
- Completion of Associate Partner review of the audit file.
- Receipt of the signed management representation letter

We expect to issue the audit certificate at the same time as the audit opinion.

# Executive Summary

## **Audit differences**

There are no unadjusted audit differences arising from our audit.

We have identified a small number audit differences which have been adjusted by management. Details can be found in Section 5 Audit Differences.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.

## **Value for money**

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified the following significant risk.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

## **Other reporting issues**

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have no other matters to report.

## **Independence**

Please refer to Section 10 for our update on Independence.



**LEE VALLEY REGIONAL PARK AUTHORITY**

**AUDIT COMMITTEE**

**5 JULY 2018 AT 14:45**

**Agenda Item No:**

**5**

**Report No:**

**AUD/92/18**

**DRAFT UNAUDITED FINAL ACCOUNTS 2017/18**

Presented by the Director of Finance & Resources

**SUMMARY**

This report details the draft unaudited Statement of Accounts for 2017/18 and summarises the headlines from those financial statements. The Accounts are subject to external audit, which commenced on 18 June 2018 and was recently completed on 29 June 2018.

Actual operational spending on all Authority facilities and services was £0.1m below budget (including the 2016/17 carry forwards) and was reported to Executive Committee in May (Paper E/565/18) with all variations fully explained.

Further adjustments to the Financial Statements were required in respect of capital financing and the Pension Fund. The result is an end of year position on the income and expenditure account of a £0.4m deficit (compared to a budgeted deficit of £0.5m) and has reduced the General Fund reserve by £0.4m.

The Accounts demonstrate that the Authority retains its strong financial position. Maintaining that position is a cornerstone of the Authority's Financial Strategy, as it provides the capacity to innovate, lead developments and support the challenges of the Business Plan.

**RECOMMENDATIONS**

- Members Approve:                   (1)   that any Member comments/amendments can be considered and approved by the Director of Finance & Resources in conjunction with the Chair of the Audit Committee and incorporated into the final Draft Accounts; and
- Members Note                       (2)   that the Statement of Accounts for 2017/18 summarised in this report (and available electronically as Appendix A to this report) will be signed off by the Director of Finance & Resources by 31 July 2018, subject to any comments/amendments received from Members.

## BACKGROUND

- 1 The Accounts and Audit Regulations 2015 require the Authority's Accounts to be certified by the Director of Finance & Resources by 31 July 2018.
- 2 The Accounts audit was completed on 29 June by the external auditors. The auditors' findings and conclusions are incorporated into the Audit Results Report which is an item on the agenda of this Audit Committee meeting.
- 3 The early finalisation of the Accounts means that there may still be further minor adjustments that arise. Therefore if Members wish to add comments, these can then be accommodated before a final draft of the Accounts is finalised.
- 4 The most significant matters identified by the Accounts to date are summarised below.

## SERVICE SPENDING

- 5 Provisional actual expenditure for each service and venue has been reported to Executive Committee, in the Provisional Revenue Outturn report in May (Paper E/565/18). Spending on all our venues and services generated a £0.1m under spend against the approved budget. The under spend is fully explained in the Provisional Revenue Outturn report.
- 6 Executive Committee Members also approved a carry forward of **£102,000** from the 2017/18 budget as set out in the Provisional Revenue Outturn. The General Fund reserve will reduce to £4.1m by the end of 2018/19 if actual expenditure matches budget as detailed below:

	<u>£m</u>
2017/18 General Reserve	4.2
2017/18 Approved carry forward	0.1
Estimated Closing balance 2018/19	4.1

## CAPITAL SPENDING AND FINANCING

- 7 Gross capital expenditure, including Asset Maintenance, totalled £4.6m compared to the approved Capital Programme of £6.1m. While gross capital income totalled £0.3m compared to the approved Capital Programme of £0.8m. The net outturn is fully explained in the Provisional Capital Outturn reported to Executive Committee in May (Paper E/562/18).
- 8 Capital spending has been financed as follows:

	<u>£m</u>
Capital Grants Applied	0.3
Revenue Financing	0.9
Major Repairs Fund	1.0
Capital Fund	0.1
Capital Receipts	<u>2.3</u>
<b>Total</b>	<b><u>4.6</u></b>

## GENERAL RESERVES

- 9 The General Reserves have decreased at the year-end by £0.4m but remain

above the minimum reserve level of £4m approved by Members as part of the 2018/19 budget setting process. Carry forwards from 2017/18 (£0.1m) will result in an estimated General Fund reserve at the end of 2018/19 of £4.1m.

- 10 The table below shows the level of the General Fund reserve over the last five years.

Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m	£m
General Fund	8.7	7.6	4.7	4.8	4.6	4.2

### ANNUAL GOVERNANCE STATEMENT 2017/18

- 11 The Authority has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Good Governance in Local Government*. This statement explains how the Authority has complied with the Code; and also meets the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015 in ensuring that there is a sound system of internal control and that this Committee approves the Annual Governance Statement.
- 12 Members need to ensure that a sound system of internal control is maintained and an annual review of the effectiveness of the system of internal control is conducted to provide sufficient, relevant and reliable assurance to enable them to authorise the signing of the Authority's Annual Governance Statement and for it to be published with the Financial Statements.
- 13 Assurance derived through the monitoring of processes, including risk management, provides evidence which allows the Authority to form conclusions on the efficiency and effectiveness of operations. The scope of internal control spans the whole range of the Authority's activities and includes those controls designed to ensure:
- the Authority's policies are put into practice;
  - the organisation's values are met;
  - laws and regulations are complied with;
  - required processes are adhered to;
  - financial statements and published information is accurate and reliable; and
  - human, financial and other resources are managed efficiently and effectively.
- 14 The Annual Governance Statement is included with the Statement of Accounts and was approved by Members of this Committee at its meeting on 21 June 2018 (Paper AUD/91/18).

### ENVIRONMENTAL IMPLICATIONS

- 15 There are no environmental implications arising directly from the recommendations in this report.

**EQUALITY IMPLICATIONS**

16 There are no equality implications arising directly from the recommendations in this report.

**FINANCIAL IMPLICATIONS**

17 These are dealt with in the body of the report.

**HUMAN RESOURCE IMPLICATIONS**

18 There are no human resource implications arising directly from the recommendations in this report.

**LEGAL IMPLICATIONS**

19 There are no legal implications arising directly from the recommendations in this report.

**RISK MANAGEMENT IMPLICATIONS**

20 These are summarised within the Annual Governance Statement included within the Statement of Accounts.

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**PREVIOUS COMMITTEE REPORTS**

Audit	AUD/91/18	Annual Governance Statement	21 June 2018
Executive	E/565/18	Revenue Budget Performance 2017/18 – Provisional Outturn	24 May 2018
Executive	E/562/18	Capital Programme- Provisional Outturn 2017/18	24 May 2018
Audit	AUD/87/18	Accounting Policies & Accounts Closedown Timetable 2017/18	22 February 2018

**APPENDIX (Available electronically)**

Appendix A            Statement of Accounts 2017/18