



Lee Valley
Regional Park Authority

LEE VALLEY REGIONAL PARK AUTHORITY

AUDIT COMMITTEE

5 JULY 2018 AT 14:45

Agenda Item No:

4

Report No:

AUD/93/18

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





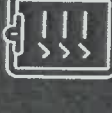







Debbie Hanson

Associate Partner

For, and on behalf of Ernst & Young LLP

Encl

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07 Assessment of Control Environment	08 Data Analytics	09 Independence	10 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.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.