


<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p>23 July 2019</p>	
<p>LONDON BOROUGH OF HAMMERSMITH AND FULHAM STATEMENT OF ACCOUNTS, INCLUDING PENSION FUND ACCOUNTS FOR 2018/19</p>	
<p>Report of the Strategic Director of Finance and Governance</p>	
<p>Open Report</p>	
<p>Classification - For Information Key Decision: No</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Hitesh Jolapara, Strategic Director of Finance and Governance</p>	
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1. EXECUTIVE SUMMARY

- 1.1. This report presents the London Borough of Hammersmith and Fulham's 2018/19 Statement of Accounts, including the Pension Fund Accounts and Annual Governance Statement for approval.

2. RECOMMENDATIONS

- 2.1. To note the content of the external auditor's 'Audit Findings Report' (ISA260), including the auditor's findings, recommendations and the Council's response to those recommendations (Appendix 2).
- 2.2. To approve the 2018/19 Annual Governance Statement which is included in the Statement of Accounts (Appendix 1).
- 2.3. To approve the 2018/19 management representation letter (Appendix 3)
- 2.4. To approve the Statement of Accounts for 2018/19, including the Pension Fund Accounts (Appendix 1).
- 2.5. To approve the Pension Fund Annual Report 2018/19 (Appendix 4).

- 2.6. To note that the accounts remain 'unaudited' until final sign-off by the external auditor and to delegate to the Chair of the Audit, Pensions and Standard's Committee, in consultation with the Strategic Director, Finance and Governance, the authority to approve any further adjustments required as part of the completion of audit work.

3. REASONS FOR DECISION

- 3.1. The Audit, Pensions and Standards Committee is required to approve the Council's audited year-end Statement of Accounts before the end of July in accordance with the Accounts and Audit Regulations 2015.

4. INTRODUCTION AND BACKGROUND

Statement of Accounts 2018/19

- 4.1 The 2018/19 Statement of Accounts, for approval by the Audit, Pensions and Standards Committee, is attached at Appendix 1.
- 4.2 The Narrative Statement at the beginning of the Statement of Accounts gives an outline of the Council's financial activity during 2018/19.
- 4.3 The production and audit of the 2018/19 Statement of Accounts has been undertaken in the context of a number of challenges, in particular the change of financial system in-year, requiring closure of accounts on two systems, and the continuation of earlier closing and audit deadlines. In addition, 2018/19 is the first year of the new Public Sector Audit Appointments (PSAA) arrangements under which the Council has a new external auditor, Grant Thornton UK LLP (GT).
- 4.4 It should be noted that the accounts remain 'unaudited' until the audit opinion is formally signed and dated by GT and the audit remains open until final certification. The accounts are therefore subject to change until that point. In the event of any changes, it is requested that these be approved by the Chair of the Committee, in consultation with the Strategic Director Finance and Governance; any significant changes will be notified to Committee.

Report to those Charged with Governance (ISA260)

- 4.5 The external auditor is required to prepare a Report to those Charged with Governance (ISA260). This report summarises the findings and recommendations associated with this year's audit in respect of the Financial Statements and the Value for Money opinion.
- 4.6 This report is attached (at Appendix 2) and will also be presented to the Committee by the auditor.

- 4.7 The auditor also asks the Committee and management for written representations about the financial statements and governance arrangements. To that end Members are asked to consider and approve the draft letter of representation (Appendix 3).

Pension Fund

- 4.8 The Council's Statement of Accounts incorporates the annual accounts for the Pension Fund and GT's Report to those Charged with Governance (ISA260) includes commentary for their audit of the Pension Fund accounts.
- 4.9 The Pension Fund Annual Report is attached at Appendix 4. This report includes reports on the various aspects of the operation of the Fund – investments, administration and funding, as well as the Pension Fund financial statements. The committee are required to approve the Annual Report, so that it can be published once the audit is complete.
- 4.10 The Pension Fund Annual Report remains subject to the finalisation of audit work.

5 PROPOSAL AND ISSUES

- 5.4 Not applicable.

6 OPTIONS AND ANALYSIS OF OPTIONS

- 6.4 Not applicable.

7 CONSULTATION

- 7.4 Not applicable.

8 EQUALITY IMPLICATIONS

- 8.4 Not applicable.

9 LEGAL IMPLICATIONS

- 9.1 In accordance with the Accounts and Audit Regulations 2015, the Council's audited year end Statement of Accounts must be approved by the Audit, Pensions and Standards Committee and published before the end of July.
- 9.2 GT are required to report the findings from their audits in a Report to those Charged with Governance (ISA260) to the Audit, Pensions and Standards Committee before their opinion on the accounts is issued.

10 FINANCIAL AND RESOURCES IMPLICATIONS

10.4 Not applicable.

11 RISK MANAGEMENT

11.4 Not applicable

12 PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.4 Not applicable.

13 IMPLICATIONS FOR BUSINESS

13.4 Not applicable.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

LIST OF APPENDICES

Appendix 1 – London Borough of Hammersmith and Fulham Annual Statement of Accounts 2018/19 (including Pension Fund)

Appendix 2 – Grant Thornton Audit Findings Report (ISA260) (Main Financial Statements and LBHF Pension Fund)

Appendix 3 – Draft Letter of Representation 2018/19

Appendix 4 – Pension Fund Annual Report 2018/19