

Annual governance report

Wormwood Scrubs Charitable Trust

Audit 2009/10

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To the Trustee

2009/10 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2009/10.

A draft of the report was discussed and agreed with the Interim Assistant Director Parks and Culture in January 2011 and has been updated since as issues have been resolved.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (page 5);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified which management has declined to amend or set out the reasons for not amending the errors (Appendix 3);
- approve the letter of representation on behalf of the Charity before I issue my opinion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 5).

Yours faithfully

Jon Hayes
District Auditor

January 2011

Key messages

This report summarises the findings from my 2009/10 audit which is substantially complete. It includes the messages arising from my audit of your financial statements.

Financial statements	Results	Page
Unqualified audit opinion	Yes	5
Financial statements free from error	No	5
Adequate internal control environment	Yes	5

Audit opinion

1 I plan to issue an audit report including an unqualified opinion on the financial statements.

Independence

2 I can confirm that I have carried out the audit in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Next steps

This report identifies the key messages that you should consider before I issue my opinion on the charity's financial statements. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

3 I ask the Trustees to:

- consider the matters raised in the report before approving the financial statements (page 5);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified which management has declined to amend or set out the reasons for not amending the errors (Appendix 3); and
- approve the letter of representation on behalf of the Charity before I issue my opinion (Appendix 4).
- agree your response to the proposed action plan (Appendix 5).

Financial statements and statement on internal control

The charity's financial statements are important means by which the Wormwood Scrubs Charitable Trust accounts for its stewardship of public funds. As Trustee you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements.

Opinion on the financial statements

4 I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Errors in the financial statements

5 I identified two instances where evidence could not be provided, or did not reconcile, to the transactions in the accounts. Both transactions related to income, though their combined value is not material. Appendix 3 details these amendments.

Recommendation

R1 Investigate the income transactions which appear in the accounts but cannot be supported.

Letter of representation

6 Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 4 contains the draft letter of representation.

Appendix 1 – Independent auditor’s report to Wormwood Scrubs Charitable Trust

I have audited the financial statements of Wormwood Scrubs Charitable Trust for the year ended 31 March 2010 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity’s trustee, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. My audit work has been undertaken so that I might state to the charity’s trustee those matters I am required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and its trustee as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of trustee and auditor

The trustee’s responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustee’s Responsibilities.

I have been appointed as auditor under section 29 of the Audit Commission Act and section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of the Charities Act 1993. My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Charities Act 1993. I also report to you if, in my opinion, the information given in the Trustee’s Annual Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity’s financial statements are not in agreement with these accounting records or if I have not received all the information and explanations I require for my audit.

I read the Trustee’s Annual Report and consider the implications for my report if I become aware of any apparent misstatements within it.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes

examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustee in the preparation of the financial statements and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements comply with the requirements of regulation 8 of the Charities (Accounts and Reports) Regulations 2008
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 March 2010 and of its incoming resources and application of resources, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993; and
- information which comprises the commentary on the financial performance of the charity, included in the Trustee's Annual Report, is consistent with the financial statements.

Jon Hayes
District Auditor
Audit Commission
Millbank Tower
London SW1P 4QP

Xx January 2011

Appendix 2 – Amendments to the draft accounts

I identified the following misstatements during the course of my audit and managers have adjusted the financial statements. I bring them to your attention to assist you in fulfilling your governance responsibilities.

Table 1:

Adjusted misstatement	Nature of adjustment	£
Note 9: Provisions	The note has been amended to be consistent with the balance sheet.	1,532

Appendix 3 – Unadjusted misstatements in the accounts

I identified the following misstatements during my audit, but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities. If you decide not to amend, please tell us why in the representation letter. If you believe the affect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

Table 2:

Accounts affected	Description of error	Value of error £
Incoming resources: pay and display parking meters	Supporting evidence for one item in my sample did not reconcile to the amount in the accounts. The error was £38 which extrapolates to £1,223.	1,223
Incoming resources: Hammersmith Hospital Car Park Licence	Supporting evidence could not be provided for one item in my sample. I tested the remaining balance so extrapolation of the error is not required.	4,589

Appendix 4 – Draft letter of representation

To:

Jon Hayes, District Auditor

1st Floor, Millbank Tower, Millbank, London, SW1P 4HQ

Wormwood Scrubs Charitable Trust - Audit for the year ended 31 March 2010.

I confirm to the best of my knowledge and belief, the following representations given to you in connection with your audit of the Charity's financial statements for the year ended 31 March 2010.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Statement of Recommended Practice for Charities and United Kingdom Generally Accepted Accounting Practice which give a true and fair view of the financial position and financial performance of the Wormwood Scrubs Charitable Trust and for making accurate representations to you.

Uncorrected misstatements

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed in the attached schedule are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with those charged with governance within the Wormwood Scrubs Charitable Trust and the reasons for not correcting these items are as follows:

- reason 1 etc; and
- reason 2.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Wormwood Scrubs Charitable Trust have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Trustee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Wormwood Scrubs Charitable Trust.

The Charity has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements and options to buy back assets previously sold; and
- assets pledged as collateral.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Post balance sheet events

Since the date of approval of the financial statements by the Trustees, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

Signed on behalf of Wormwood Scrubs Charitable Trust

I confirm that this letter has been discussed and agreed by the Trustee on January 2011.

Signed

Name: Michael Hainge

Position: Interim Assistant Director Parks and Culture

January 2011

Appendix 5 Action Plan

Recommendations

Recommendation 1

Investigate the income transactions which appear in the accounts but cannot be supported.

Responsibility	Wormwood Scrubs Charitable Trust officers
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Priority	Low
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Date	March 2011
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Comments	The £4,589 transaction relates to a long standing agreement with a single customer and will continue to be investigated. Any required adjustments will be made to the 2010/11 accounts.
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- any third party.



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