

**Our reference** CEN/HA019/11-12/AAL

10 October 2012

Members  
Harlow District Council  
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Dear Member

## **Harlow District Council Annual Audit Letter 2011/12**

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Harlow District Council.

### **Financial statements and value for money conclusion**

On 19 September 2012, I presented my Annual Governance Report (AGR) to the Audit and Standards Committee outlining the findings of my audit of the Council's 2011/12 financial statements. I will not replicate those findings in this letter, but have summarised the key messages.

The Council produced a complete set of accounts, including all required notes and figures, by the agreed timetable. There were also significant improvements in the quality of the working papers produced by the Council this year in comparison to 2010/11.

My audit identified four material misstatements in the financial statements and six material misstatements in the notes to the accounts. I also found several non-material misstatements. Management amended for these and this had the overall effect of reducing net expenditure on the Comprehensive Income and Expenditure Statement (CIES) by £3.675 million. There was no impact on the general fund balance for these errors. My audit also identified eleven non-material (but non-trivial) errors and uncertainties which management decided not to amend. Of these, I reported eight in last year's audit, which related to 2010/11 comparative figures in the accounts. The extrapolated impact of these errors was not material.

My assessment of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources was made against two criteria specified by the Commission. These are:

- whether the organisation has proper arrangements in place to secure financial resilience; and
- whether the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

The Council manages financial risks and opportunities effectively to secure a stable financial position. Procedures also allow objectives to be prioritised and cost-cutting measures to be achieved, while improving productivity. While the Council could further improve their use of sensitivity and risk analysis and increased use of modelling, I concluded the Council made proper arrangements to secure value for money in its use of resources.

Following the Audit and Standards Committee on 19 September 2012, I:

- issued an unqualified opinion on the Council's 2011/12 financial statements included in the Council's Statement of Accounts;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources; and
- certified completion of the audit on 28 September 2012.

### **Closing remarks**

I have discussed and agreed this letter with the Head of Finance. While this has been another challenging year for the Council I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit and Standards Committee for their support and co-operation during the audit.

Yours sincerely

A handwritten signature in blue ink that reads "Christine Connolly". The signature is written in a cursive style with a long horizontal flourish at the bottom.

Christine Connolly  
*Appointed Auditor*