

The Governance, Audit, Risk Management and Standards Committee  
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Date: 6 July 2021

Dear Governance, Audit, Risk Management and Standards Committee Members,

**London Borough of Harrow – 2019/20 audit of financial statements**

**Conclusion of pending matters – Audit Completion Report**

Following on from our recent correspondence and as required by International Standards on Auditing (UK and Ireland), we are writing to confirm matters arising that were marked as outstanding within our Audit Completion Report presented to the Audit Committee on 22 October.

The outstanding matters and the conclusions reached are detailed in the following tables:

Matter	Update / Conclusion reached
Journal testing	Our work has completed in this area, with nothing to report
Income and Expenditure sample testing	Our work has completed in this area, with nothing to report
Property, plant and equipment valuation and existence testing	Our work has completed in this area, with nothing to report
Review of the final annual report and accounts	Our work has completed in this area, with nothing to report. An unadjusted disclosure error has been identified in the accounting policies
Debtors and creditors testing	Our work has completed in this area, with nothing to report
Provisions and reserves testing	Our work has completed in this area, with nothing to report
Events after the reporting period	Our work has completed in this area, with nothing to report
Review and closure procedures	Our work has completed in this area, with nothing to report
Whole of Government Accounts	Our work is due to complete in this area, shortly after we have certified the 2019/20 accounts

<b>Significant Risk</b>	<b>Update / Conclusion reached</b>
Management override of controls	Our work has completed in this area, with nothing to report
Risk of fraud and error in revenue recognition	Our work has completed in this area, with nothing to report
Valuation of property, plant and equipment	<p>Our work has completed in this area, with nothing to report. An Emphasis of Matter has been included on the opinion in respect of the 'material valuation uncertainty' placed on the valuation of the Council's land and buildings and investment property.</p> <p>This is not a qualified opinion</p>
Valuation of defined benefit liability	<p>Our work has completed in this area, with nothing to report. An Emphasis of Matter has been included on the opinion in respect of the 'material valuation uncertainty' placed on the valuation of the Council's share of Harrow Pension Fund's pooled property fund investments.</p> <p>This is not a qualified opinion</p>

During the completion period, we identified that the financial statements do not include the full suite of required disclosures in relation to the fair value of investment properties and surplus assets as required by the Code. Management do not consider this to be material departure from the Code or that the accounts are materially misstated as a result of this. The 2019-20 accounts will remain unadjusted however, the Council will expand disclosures in the 2020-21 accounts to address the issue.

I have today signed our audit opinion for the 2019/20 financial statements.

We regret the length of time the completion period has taken and will be working to learn lessons from the 2019/20 audit.

If you wish to discuss the points above, or any other points then please do not hesitate to contact me.

Yours faithfully,

Lucy Nutley  
For and on behalf of Mazars LLP

