



ESPO MANAGEMENT COMMITTEE – 27 SEPTEMBER 2012

AGENDA ITEM NO. 4

EXTERNAL AUDIT OF THE 2011/12 FINANCIAL STATEMENTS

**JOINT REPORT OF THE INTERIM DIRECTOR AND CONSORTIUM
SECRETARY**

Purpose of Report

1. To report the key findings from the external audit of the 2011/12 financial statements and to present the letter of representation from the Consortium Treasurer to the auditors.

Background

2. PricewaterhouseCoopers (PwC), the external auditors, are required to communicate the results of the 2011/12 audit of ESPO's financial statements to those charged with governance prior to certifying the statement of accounts.
3. A copy of the auditor's report is attached as an Appendix to this report and the draft letter of representation from the Consortium Treasurer is detailed on pages 13-16 of this document.
4. As set out in the report, PwC propose to certify the financial statements with an unqualified opinion.
5. The PwC Auditor responsible for the audit will attend the Committee meeting on the 27 September to communicate any significant findings and answer any questions.
6. The auditors report is circulated to the Management Committee with the status of a "draft" and subject to approval at this meeting will be published as a final report.
7. The draft Statement of Accounts were presented to the 25 June Management Committee meeting for noting. A revised Statement of Accounts is presented to the September Committee meeting for approval elsewhere on the agenda under item 5.

Consideration by the Finance Subcommittee

8. At its meeting on 22 August 2012 the Finance Subcommittee received an oral update on the external audit being undertaken by PwC. At this meeting it was noted that the Servicing Authority's Internal Audit Service had

identified the same minor control measure issues as the external auditors, contained on page 12 of the Appendix.

Recommendation

9. The Committee is asked to consider and approve the external audit of the financial statements 2011/12.

Equal Opportunities Implications

10. None.

Background Papers

11. None.

Officer to Contact

Mr D Summersgill – Interim Director (Tel: 0116 265 7930)

Mr B Roberts – Treasurer to the Consortium (Tel: 0116 305 7831)

Appendices

Appendix - Report to those charged with governance (ISA 260 (UK&I)) and Annual Audit Letter - 2011/12 Audit - DRAFT