



Report of the Chief Finance Officer

Report to Corporate Governance and Audit Committee

Date: 22nd November 2019

Subject: Grant Thornton Annual Audit Letter 2018/19 and Audit Progress Update

Are specific electoral wards affected?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes, name(s) of ward(s):	
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary

Main issues

1. In accordance with proper audit practice, Grant Thornton have issued their Annual Audit Letter 2018/19, which gives a summary of the key audit findings for the financial year. The Annual Audit Letter is attached as Appendix 1. The letter confirms that Grant Thornton were able to provide unqualified opinions on the council's financial statements and its arrangements to secure value for money for 2018/19.
2. Grant Thornton have also provided an Audit Progress Report and Sector Update, which is attached as Appendix 2.

Best Council Plan Implications and Resource Implications

3. There are no implications for the Best Council Plan and no resource implications arising from this report.

Recommendations

4. Members are asked to receive the Annual Audit Letter and note the conclusions arising from the 2018/19 external audit process, and to receive and note Grant Thornton's Audit Progress Report and Sector Update.

1. Purpose of this report

- 1.1 This report presents Grant Thornton's Annual Audit Letter, which provides a summary of the key external audit findings in respect of the 2018/19 financial year. The report also presents an update report on progress towards the 2019/20 audit.

2. Background information

- 2.1 Section 4 of the Code of Audit Practice for public sector bodies requires external auditors to issue an Annual Audit Letter. The purpose of preparing and issuing annual audit letters is to communicate to the audited body and external stakeholders, including members of the public, the key issues arising from auditors' work. Once it has been considered by the Committee, the Annual Audit Letter will be published on the council's website alongside the 2018/19 Statement of Accounts.

3. Main issues

3.1 Annual Audit Letter

- 3.1.1 During the year Grant Thornton issued an unqualified opinion on the 2018/19 Statement of Accounts, and concluded that the council's Whole of Government Accounts return was consistent with the audited accounts. Grant Thornton's review of the council's Annual Governance Statement found that it was consistent with their understanding of the council. The Annual Audit Letter summarises their audit approach and findings in relation to the audit of the financial statements.

- 3.1.2 Grant Thornton also issued an unqualified opinion on the Council's arrangements to ensure economy, efficiency and effectiveness in its use of resources. They identified financial resilience as an ongoing key risk, and recommended that the council should keep under review the adequacy of its level of reserves. The Annual Audit Letter outlines this aspect of the audit and its conclusions.

- 3.1.3 Grant Thornton's planned audit fee for the year was £178.6k. The Audit Report presented to the July meeting of the Committee advised the Council that Grant Thornton intended to propose an additional fee of £5k for their work. The Annual Audit Letter confirms that an additional audit fee of £9k has been proposed, which is subject to approval by Public Sector Audit Appointments Ltd (PSAA).

3.2 Audit Progress Report and Sector Update

- 3.2.1 Grant Thornton's Audit Progress Report outlines the intended scope and timescales for their audit work for the 2019/20 audit. It also highlights a number of current issues which may be of interest to the Committee.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Annual Audit Letter and Audit Progress Report do not raise any issues requiring consultation or engagement with the public, ward members or Councillors.

4.2 Equality and diversity / cohesion and integration

4.2.1 There are no issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and the Best Council Plan

4.3.1 Under this Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including the receipt of external audit reports. This is to provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts.

Climate Emergency

4.3.2 There are no climate implications arising from this report.

4.4 Resources, procurement and value for money

4.4.1 Grant Thornton's Annual Audit Letter includes their opinion as to whether the Council has proper arrangements for securing value for money.

4.5 Legal implications, access to information, and call-in

4.5.1 Under Section 4 of the Code of Audit Practice for public sector bodies, external auditors are required to issue an Annual Audit Letter summarising the main audit findings in relation to the financial year.

4.5.2 As this is a factual report based on past financial information none of the information enclosed is deemed to be sensitive or requesting decisions going forward, and therefore raises no issues for access to information or call in.

4.6 Risk management

4.6.1 Grant Thornton identified financial standing and the level of reserves as an ongoing area of risk to the council, and recommended that the council should keep the level of its reserves under review. Reviewing the planned level of general reserves is an integral part of the Budget and Medium Term Financial Strategy processes.

5. Conclusions

5.1 There are no high priority issues arising from the work of external audit, and officers will continue to address the recommendations raised in audit reports during the year.

6. Recommendations

6.1 Members are asked to receive Grant Thornton's Annual Audit Letter and note the conclusions arising from the 2018/19 external audit process, and to receive and note the Audit Progress Report and Sector Update.

7. Background documents¹

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

7.1 None.