

Strategy and Resources Committee
27 November 2018

External Audit - Annual Audit Letter

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annex 1: Annual Audit Letter Annex 2: External Audit Progress Report
Other available papers (not attached):	None

Report summary

This report presents the external auditor's Annual Audit Letter for the year ended 31 March 2018 and the latest Progress Report. In accordance with Audit Regulations, both items must be received by this Committee.

Recommendation (s)

- (1) That Committee receives the Annual Audit Letter (Annexe 1)
- (2) That Committee receives the External Audit Progress Report (Annexe 2)

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The annual audit is an integral part of the controls in place for ensuring that the Council achieves its key priority Managing our Resources.

2 Background

- 2.1 Grant Thornton provides the Council's external audit work. The 2017/18 external audit provided the Council with an unqualified opinion on the accounts. Strategy and Resources Committee received Grant Thornton's Audit Findings Report for 2017/18 at its meeting on 26 July 2018.
- 2.2 The Annual Audit Letter (**Annex 1**) summarises the 2017/18 Audit Findings Report.
- 2.3 The External Audit Progress Report (**Annex 2**) provides an update on the external auditor's progress in the current financial year.

Strategy and Resources Committee

27 November 2018

3 Proposals

- 3.1 An officer from Grant Thornton will attend the committee meeting to introduce this item and answer any questions from Members.

4 Financial and Manpower Implications

- 4.1 For 2017/18, Grant Thornton's audit fees were planned at £44,708 (excluding VAT) for the main audit, as set by Public Sector Audit Appointments Limited (PSAA).
- 4.2 The final fee for the 2017/18 main audit is expected to be £3,000 higher at £47,708, subject to the approval of PSAA, due to the new requirement for Grant Thornton to audit group accounts in 2017/18.
- 4.3 For 2018/19, the main audit scale fee will reduce by 23% from £44,708 to £34,425, as set by PSAA. The additional fee for auditing group accounts is also expected to reduce from £3,000 to £2,250 for 2018/19, subject to the approval of PSAA.
- 4.4 Audit fees have been factored into the Council's budget setting process.
- 4.5 **Chief Finance Officer's comments:** *The annual audit letter is part of the overall external audit process for the Council. The Council received an unqualified opinion from the external auditor for 2017/18.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities. Grant Thornton's work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.
- 5.2 **Monitoring Officer's comments:** *The work of external audit is a key part of the controls in place to ensure that the Council is doing the right thing in the right way at the right time.*

6 Sustainability Policy and Community Safety Implications; Partnerships

- 6.1 None for the purposes of this report

7 Risk Assessment

- 7.1 The audit of the Council's financial statements comprise a key element of the Council's governance arrangements.

8 Conclusion and Recommendations

- 8.1 That Committee receives the Annual Audit Letter (**Annex 1**)
- 8.2 That Committee receives the External Audit Progress Report (**Annex 2**)

Ward(s) affected: (All Wards);