Strategy and Resources Committee
26 November 2019

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 2019 and the latest Progress Report. In accordance with Audit Regulations, both items must be received by this Committee.

Recommendation (s)

That the Committee:

(1) **receives the Annual Audit Letter for the year 2018/19 (Annex 1)**

(2) **receives the External Audit Progress Report for the year 2019/20 (Annex 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 2018/19 external audit provided the Council with an unqualified opinion on the accounts. Strategy and Resources Committee received Grant Thornton's Audit Findings Report for 2018/19 at its meeting on 30 July 2019.

2.2   The Annual Audit Letter (**Annex 1**) summarises the 2018/19 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.

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 2018/19, Grant Thornton's audit fees were planned at £34,425 (excluding VAT) for the main audit, as set by Public Sector Audit Appointments Limited (PSAA), plus £2,250 for auditing the group accounts.

4.2   These audit fees have been factored into the Council's budget setting process.

4.3   In addition to the planned fees and as set out in the Annual Audit Letter, Grant Thornton have requested additional fees totalling £4,000 for work undertaken in 2018/19 on the Council's pension liability following the McCloud ruling, and for additional work on the Council's non-current assets portfolio, owing to increased audit requirements of the Financial Reporting Council.

4.4   These proposed fee variations have been referred to Public Sector Audit Appointments Ltd (PSAA) for a decision as to whether they are payable by the Council. If PSAA approve the additional fees, funding will be identified within the existing Financial Services budget.

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 2018/19.*

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

6.1   None for the purposes of this report.

7   Partnerships

7.1   None for the purposes of this report.

8   Risk Assessment

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

9   Conclusion and Recommendations

9.1   That Committee receives the Annual Audit Letter for the year 2018/19 (**Annex 1**)

9.2   That Committee receives the External Audit Progress Report for the year 2019/20 (**Annex 2**)

Ward(s) affected: (All Wards);