

<b>Meeting:</b>	<b>Audit and governance committee</b>
<b>Meeting date:</b>	<b>Wednesday 29 November 2017</b>
<b>Title of report:</b>	<b>External audit annual audit letter - 2016/17</b>
<b>Report by:</b>	<b>Chief finance officer</b>

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose and summary**

For the committee to receive the external auditor's annual audit letter for 2016/17 and determine whether further action or inclusion in the committee's work programme is appropriate.

The audit findings have already been reported to the committee prior to approval of the statement of accounts; formal receipt of the letter completes the annual external audit process.

## **Recommendation(s)**

That:

- (a) **having regard to the external auditor's annual audit letter 2016/17, attached at Appendix A, the committee determine any further actions to be recommended or items to be included in the work programme.**

## **Alternative options**

1. None, the sharing of an annual audit letter from the external auditors forms part of a statutory external audit process, therefore no alternatives are appropriate.

## Key considerations

2. The code of audit practice in local government requires external auditors to report to those charged with governance the conclusions they have drawn from their audit work and their opinion on the financial statements and value for money. The annual audit letter 2016/17, attached at appendix A provides this detail. It follows the audit findings report shared with the committee on 20 September, with a final version shared with committee members on the 28 September. The final version confirmed the resolution of the two outstanding audit items; Hoople pensions liabilities and the valuation of the Energy from Waste plant. The committee is requested to consider whether any additional action relevant to the remit of the audit and governance committee is required.
3. The external auditors issued an unqualified opinion on the statement of accounts for 2016/17, however concerns were highlighted in achieving the shorter deadlines for the audit of the 2017/18 statement of accounts. Work has already commenced on addressing these issues and a report in the new year will provide an update to the committee on progress being made.
4. An unqualified conclusion was issued in respect of the value for money assessment for 2016/17. The external auditors are satisfied that the council has proper arrangements in place securing the economy, efficiency and effectiveness in its use of resources.

## Community impact

5. The council is responsible for ensuring that appropriate safeguards are in place to ensure that it operates effective governance arrangements and internal controls; the reports and opinions of external audit inform future improvement action.
6. One of the principles in the council's code of corporate governance is to implement good practices in transparency, reporting, and audit to deliver effective accountability. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. External audit contributes to effective accountability

## Equality duty

7. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:  
  
A public authority must, in the exercise of its functions, have due regard to the need to -
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
8. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the

delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

## **Resource implications**

9. There are no specific resource implications arising from this report, the agreed improvements required are being actioned within existing resources.
10. The cost of the annual audit is provided in the appendix, page 14, and is in line with the anticipated cost previously reported to the committee.

## **Legal implications**

11. The annual audit letter is shared as part of the statutory duty of the external audit function.

## **Risk management**

12. Appendix A identifies risks and the actions being taken to mitigate those risks.

## **Consultees**

13. None.

## **Appendices**

Appendix A Annual audit letter

## **Background papers**

None identified