

AUDIT COMMITTEE

17 DECEMBER 2015

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.3 EXTERNAL AUDIT'S ANNUAL AUDIT LETTER 2014/15

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to the Committee the External Auditor's Annual Audit Letter 2014/15.

EXECUTIVE SUMMARY

The Annual Audit Letter for 2014/15 has recently been received from the Council's External Auditors which primarily summarises the outcomes from various audit activities undertaken during the year. The key messages set out in the letter highlight that the Council received an unqualified opinion on both its financial statements and value for money arrangements.

RECOMMENDATIONS

That the Audit Committee considers and notes the contents of the Annual Audit Letter 2014/15.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The aim of continuing to be financially stable and well managed and provide good value for money is directly supported through learning and improving through audit and inspection.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

There are no direct financial implications arising from this report although a small additional fee for the year is expected relating to the poling of housing capital receipts (this can be met from within existing budgets).

Risk

Not responding practically and timely to outcomes from audit and inspection may have an impact on the delivery of the Council's priorities, reputation, governance arrangements and overall control environment.

LEGAL

The Annual Audit Letter is required to be published and made available to all members as soon as practically possible after it has been issued by the External Auditor. A copy of the Annual Audit Letter 2014/15 was sent to all members on 30 October 2015.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

This report does not have a direct impact although items could feature in the recommendations and subsequent action plans in future external audit reports. Any actions that may have an impact will be considered and appropriate steps taken to address any issues that may arise.

PART 3 – SUPPORTING INFORMATION

ANNUAL AUDIT LETTER 2014/15

There are a number of different strands of external audit work undertaken during the year such as specific activity in relation to the financial statements and value for money opinion. The outcomes from these activities are reported to the Council separately as they are completed during the year. The Annual Audit Letter is effectively an end of year report for the Council which captures and summarises these outcomes in one document. It is primarily directed to Members but it must also be made available as a public document.

The **Annual Audit Letter** relating to 2014/15 is attached. No significant concerns have been raised relating to 2014/15. However a number of future / on-going risks have been identified which will be addressed via a number of strands of work, which include the following:

- End of year accounting processes are already in progress which respond to the risk relating to the treatment of Highways Network Assets (see page 10 Annual Audit Letter)
- The risks identified relating to the delivery of significant capital projects (page 10 of the attached Annual Audit Letter) form part of the Council's budget / performance monitoring processes along with being included in the Table of Outstanding Issues report set out elsewhere on the agenda.
- The Annual Audit Letter provides a comprehensive review of the Council's financial position along with the challenges that lie ahead. The Council's financial strategy and budget setting processes continue to provide a robust mechanism to respond to such challenges. Specific risks associated with using one-off reserves to fund the on-going budget along with the level of Council Tax and its relationship to the freeze grant funding potentially available from the Government have been drawn to members attention within the detailed financial forecast and budget report considered by Cabinet on 11 December 2015.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

ATTACHED Annual Audit Letter 2014/15