

 Finance and Audit Scrutiny Committee 12 November 2019		Agenda Item No. 8
Title	Annual Audit Letter 2018/19	
For further information about this report please contact	Mike Snow 01926 456800	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No.	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers	External audit paper included as Appendix 1	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	10/9/2019	Andrew Jones
Head of Service	10/9/2019	Mike Snow
CMT	10/9/2019	
Section 151 Officer	10/9/2019	Mike Snow
Monitoring Officer	10/9/2019	Andrew Jones
Finance	10/9/2019	Andrew Rollins
Portfolio Holder(s)	10/9/2019	Richard Hales
Consultation & Community Engagement		
Final Decision?	Yes/No	
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report brings to members' attention the External Auditor's 2018/19 Annual Audit Letter.

2. Recommendations

- 2.1 It is recommended that Finance and Audit Scrutiny Committee note the conclusion of the 2018/19 Audit.

3. Reasons for the Recommendations

3.1 Annual Audit Letter 2018/19

The Annual Audit Letter summarises the key findings arising from the work that the external auditors have carried out on the 2018/19 Statement of Accounts and Value For Money Conclusion.

- 3.2 The Annual Audit Letter brings together information that has previously been reported to the Committee, notably within the Audit Findings Letter in July.
- 3.3 Progress on the closure of accounts and audit for 2018/19 has been subject to regular reports to members over the last year. A further report is being prepared to Executive in November. This report will consider the actions coming out of the 2018/19 closure and the plan for the closure of the 2019/20 accounts.
3. The auditors still have to complete the Benefits Subsidy Audit. This has commenced and is due to be completed by the end of November. The Pooling of Housing Capital Receipts is also to be completed. Details of these audits will be reported to the Committee in due course.

4. Policy Framework

4.1 Fit for the Future (FFF)

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels

Impacts of Proposal		
The Subsidy Benefits seeks to provide assurance that claimants are in receipt of the correct level of benefit.	No direct impact.	No direct impact.
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
No direct impact.	No direct impact.	The work provided by the Council's external auditors should provide members with assurance that the Council's finances are being properly managed and reported upon in accordance with statutory requirements.

4.2 Supporting Strategies

This report indirectly impacts upon all of the Council's strategies on the basis that they all require funding and for that funding to be properly managed. It is part of the role of the external auditors to confirm that the Council's finances are being properly managed.

4.3 Changes to Existing Policies

No changes to existing policies are proposed.

4.3 Impact Assessments

Not applicable.

5. Budgetary Framework

5.1 The planned cost of the audit of the 2018/19 Accounts was £41,290.

5.2 The auditors are proposing an additional fee of £4,500 in respect of:-

- Assessing the impact of the McCloud ruling
As previously reported, the Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling.
- Pensions
IAS 19 The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits.
- PPE Valuation work of experts
As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector.

5.3 The auditors have been asked to supply more details of the specific additional work that they had to carry out as a part of the audit. Any additional fee will need to be agreed by Public Sector Audit Appointments Ltd (PSAA), the body responsible for the appointment of the majority of local authority external auditors.

5.4 The fee for the main audit was allowed for within the 2018/19 Accounts and Budget. If additional fees are agreed, these will need to be met out of the current year budget.

6. Risks

The requirement for external auditors is part of the assurance framework under which all local authorities operate. The audit of the accounts and associated grant claims seeks to provide assurance to all stakeholders that the Council's finances, as reported in the Accounts, are being properly managed.

7. Alternative Option(s) considered

7.1 None.