

Officer/Councillor Approval		
With regard to officer approval all reports <i><u>must</u></i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Deputy Chief Executive	24/10/12	Andrew Jones
Chief Executive		
CMT		
Section 151 Officer	24/10/12	Mike Snow
Legal		
Finance		
Portfolio Holder(s)	24/10/12	Andrew Mobbs
Consultation Undertaken		
Final Decision?	Yes/No	
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report comments on the Council's Annual Audit and Inspection Letter that is attached as an Appendix to this report. The letter is the Council's External Auditor assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by the Council's District Auditor, John Gregory. The External Auditors will attend the Finance and Audit Scrutiny Committee for this item.
- 1.2 Members of the Executive are invited to attend if they wish to discuss any particular matter with the Council's External Auditors.

2. **RECOMMENDATION**

- 2.1 The Committee considers the Annual Audit and Inspection Letter and if necessary agrees any further information required from either officers or the Council's auditors.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 The Annual Audit and Inspection Letter is a letter to all members of the Council which needs to be given due consideration by appropriate committees.

4. **ALTERNATIVE OPTION CONSIDERED**

- 4.1 The Council's Deputy Chief Executive and S151 Officer could not recommend any alternative action than to consider the External Auditor's report.

5. **BUDGETARY FRAMEWORK**

- 5.1 There are no financial implications associated directly with this report. The Annual Audit Letter refers to the reduction in the external audit fees under the new audit arrangements for 2012/13. These savings have already been factored in to the Council's budget and financial projections.

6. **POLICY FRAMEWORK**

- 6.1 By considering and addressing the issues raised in the letter members are acting in accordance with their priority of managing services openly, effectively and efficiently.

7. **BACKGROUND**

- 7.1 The auditor's report looks at a number of key areas based on their audit work in relation to 2011/12. This report brings together the main findings from two main areas.
- 7.2 Audit opinion and financial statements. The auditors prepared their Annual Governance Report based on the Council's 2011/12 financial statements. This report was presented to the Finance and Audit Scrutiny Committee on 26 September 2012. The main issues coming out of that report were:-
 - The 2011/12 Statement of Accounts received an unqualified audit certificate.

- There was one error in the accounts, which following discussion with the auditors, was agreed not to alter. This was discussed in detail in the report to Finance and Audit Scrutiny Committee in September.
- Whilst there were some changes proposed to the Accounts that were signed by the S151 Officer in June, and that were considered by Finance and Audit Scrutiny Committee in July, these were not believed to be significant, with some of the changes being for clarity. The number and the magnitude of the changes are considered to be low when considering the complexity and length of the accounts, as prepared under the International Financial Reporting Standards.
- Overall the audit had gone well, with the auditors pleased with the supporting working papers and responses from officers.

- 7.3 No significant weaknesses in the Council's internal control arrangements have been identified.
- 7.4 The Annual Audit Letter also includes details of the 2011/12 Value For Money conclusion. This was included within the Governance Reported in September. Against all criteria the Council is assessed as having adequate arrangements to secure, economy, efficiency and effectiveness in its use of resources.
- 7.5 The audit of all the grant and subsidy claims for 2011/12 is nearly complete. With the Grant Thornton taking over as the Council's external auditor from 1 November, the annual Grant Claims report will be issued by Grant Thornton later in the year.