
Meeting	Audit Committee
Date	28 January 2014
Subject	Annual Audit Letter 2012/2013
Report of	Deputy Chief Operating Officer
Summary	This report advises the Committee of the Annual Audit Letter for 2012/2013
Officer Contributors	Paul Thorogood – Head of Finance, Financial Services
Status (public or exempt)	Public
Wards affected	Not applicable
Key decision	No
Enclosures	Appendix A – Annual Audit Letter 2012/2013
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in	Not applicable
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1. RECOMMENDATIONS

- 1.1 That the External Auditor's Annual Audit Letter for 2012/2013 be accepted as a reasonable statement on the Council's position in respect of the Audit of the Accounts, Financial Performance, Value for Money and Financial Resilience.**
- 1.2 That the Committee consider whether there are any areas on which they require additional information.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee 10 December 2012 (Annual Audit Letter 2011/2012)

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Annual Audit Letter summarises the key performance issues and achievement of the Council. Those areas of weakness must be addressed over the coming year, failure to do so carries the risk of adverse financial and/or reputational consequences. This supports the Council's corporate priorities as expressed through the Corporate plan.

4. RISK MANAGEMENT ISSUES

- 4.1 The Annual Audit Letter has many positive things to say about the Council, but also highlights areas of weakness that must be addressed over the coming year. Failure to do so carries the risk of adverse financial and/or reputational consequences.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 There are no matter of equalities and diversity arising from the content of this report.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance and Value for Money, Staffing, ICT, Property, Sustainability)

- 6.1 This report deals with the Council's audit of the accounts, financial performance, value for money and financial resilience. The External Auditor provided an unqualified opinion with regards to the Council's arrangements to ensure economy, efficiency and effectiveness in its use of resources.

7. LEGAL ISSUES

- 7.1 The Accounts and Audit (England) Regulations 2011 requires that, as soon as reasonably possible after receipt of the annual letter from the auditor, the members of the Committee must meet to consider it and following that consideration must:
 - Publish the annual audit letter received from the Auditor; and
 - Make copies available for purchase by any person on payment of such sum the Council may reasonably required.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution Part 3, Section 2 details the functions of the Audit Committee including "to consider the external auditor's annual letter" and "to comment on the scope and depth of external audit work and to ensure it gives value for money"

9. BACKGROUND INFORMATION

- 9.1 The purpose of the Annual Audit Letter is to summarise the key issues identified by the Council's External Auditor, Grant Thornton UK LLP, during their audit and inspection activity. The letter is designed to communicate messages to the Council and external stakeholders, including members of the public.
- 9.2 The External Auditor will attend the Committee meeting to introduce their report and respond to questions. This covering report extracts the key messages from within the Annual Audit Letter 2012/2013, which is attached to this report in Appendix A.
- 9.3 The following points are drawn to the attention of the Committee:
- 9.3.1 An unqualified opinion on the Statement of Accounts for 2012/2013 was given by the External Auditors, confirming that the accounts give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the 2012/2013 financial year.
- 9.3.2 The closure of the accounts and subsequent audit process was concluded over a month ahead of 2011/2012. The unqualified audit opinion was provided on 14 August 2013 for 2012/2013 in comparison to 13 September 2012 for 2011/2012.
- 9.3.3 An unqualified conclusion was provided by the External Auditors in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 9.3.4 An unqualified opinion on the Whole of Government Accounts submission for 2012/2013 was given by the External Auditors.
- 9.3.5 The External Auditors have certified five claims and returns for the 2012/2013 financial years relating to expenditure of £400m. Further detail on these claims and returns are provided within the External Auditors grant certification report, considered elsewhere on the Committee agenda.
- 9.3.6 The matters raised by electors to the 2012/2013 accounts have been responded to both the electors and Council and the audit for 2012/2013 has now formally concluded.
- 9.4 The audit fees for 2012/2013 which can be confirmed at this time are as follows:

Audit Area	Planned 2012/2013 £'000	Actual 2012/2013 £'000	Variance £'000
Pension Fund Audit	20.226	29.726	9.500
Grant Certification	40.800	40.800	0
	61.026	70.526	9.500

Table 1 – Audit Fees for 2012/2013 confirmed as at 17/01/14

- 9.4.1 The variance of £9.5k in respect of the Pension Fund audit was agreed to provide additional audit hours and further testing.
- 9.4.2 The Audit Fee for 2012/2013 was planned to be £224.1k. The actual audit fee for 2012/2013 will be in excess of the planned value due to the cost of dealing with a number of elector objections. The actual 2012/2013 will be advised at a future Committee once determined and agreed with the External Auditors.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Cleared by Finance (Officer's initials)	PT
Cleared by Legal (Officer's initials)	CE