

	<h2>Audit Committee</h2> <h3>30th January 2017</h3>
Title	Annual Audit Letter 2015/16
Report of	Interim Chief Executive and Section 151 Officer
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Annual Audit Letter 2015/16
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Summary

The purpose of the Annual Audit Letter is to summarise the key issues identified by the Council’s external auditor, BDO 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.

This covering report extracts the key messages from within the Annual Audit Letter 2015/16, which is attached to this report at Appendix A.

The following points are drawn to the attention of the Committee:

An unqualified opinion on the Statement of Accounts for 2015/16 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 2016 and its income and expenditure for the 2015/16 financial year.

The unqualified audit opinion was issued on 30 September 2016 which was within the statutory deadline.

An unqualified conclusion was also issued by the external auditors in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

An unqualified opinion on the Whole of Government Accounts submission for 2015/16 was also given by the external auditors.

The external auditors have completed the 2015/16 grant claim audit. Further details on this are provided within the external auditors grant claims and returns certification report, considered elsewhere on the Committee agenda.

The auditors have not yet completed their work on objections and concerns raised by local electors and are not able to issue the audit certificate to close the audit for 2015/16 until this is complete.

The audit fee for 2015/16 was £170,025 which is a significant reduction on the fee for 2014/15 (£226,700). The fee for certification of the housing benefits subsidy was £21,617 compared with £27,100 for 2014/15. The fee for the audit of the pension fund accounts was £31,000 compared with the estimate of £21,000. The additional fees of £10,000 will be met by Capita.

In addition the Council has also commissioned the services of BDO to audit the following claims which require an external auditor approval.

- Teachers' pensions return
- Pooling of housing capital receipts return

The charge for these additional services is £7,500 compared with £12,600 in 2014/15.

Recommendations

- 1. That the external auditor's Annual Audit Letter for 2015/16 be received; and**
- 2. That the Committee consider whether there are any areas on which they require additional information.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Commission's Code of Audit Practice requires auditors to prepare an Annual Audit Letter and issue it to each audited body.
- 1.2 The purpose of preparing and issuing annual audit letters is to communicate to the audited body and key external stakeholders, including members of the public, the key issues arising from auditors' work, which auditors consider should be brought to the attention of the audited body. The Annual Audit

Letter covers the work carried out by auditors since the previous Annual Audit Letter was issued.

2. REASONS FOR RECOMMENDATIONS

- 2.1 So that the Council can consider the external auditor's annual letter, be able to comment on the scope and depth of external audit work and to ensure it gives value for money.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None

4. POST DECISION IMPLEMENTATION

- 4.1 None

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Annual Audit Letter summarises the key performance issues and achievements 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.

5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

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

5.3 Legal and Constitutional References

- 5.3.1 Regulation 20 of the Accounts and Audit (England) Regulations 2015 require that, as soon as reasonably practicable after receipt of the Annual Audit Letter from the auditor, a committee of the Authority must meet to consider it and, following that consideration, must:

- Publish (which must include publication on the authority's website) 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 require. The Council does not currently charge for requested copies.

- 5.3.2 The Council's Constitution, Responsibility for Functions - the functions of the Audit Committee are detailed and include "To consider the external auditor's annual letter, relevant reports and the report to those charged with

governance”. and “to comment on the scope and depth of external audit work and to ensure it gives value for money”

5.4 Risk Management

5.4.1 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.

5.5 Equalities and Diversity

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

5.6 Consultation and Engagement

There are no consultations or engagements relevant to this report

6. BACKGROUND PAPERS

6.1 None