

AUDIT COMMITTEE

4 December 2014

ANNUAL AUDIT LETTER 2013/14

REPORT OF CHIEF FINANCE OFFICER

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RECENT REFERENCES:

AUD099: Audit Results Report for the year ended 31 March 2014

EXECUTIVE SUMMARY:

Ernst and Young LLP have now presented the Annual Audit Letter for 2013/14, which is appended.

The presentation of this letter marks the conclusion of the external audit work in relation to the 2013/14 financial year. The letter has been discussed with officers and has been published on the Council's website. As required by Regulations, the Annual Audit Letter has been made available to all Members by 31 October 2014.

Since the issue of the Annual Audit Letter a further letter has been received from the Auditor advising of a permanent variation of £900 to the base scale fee for 2013/14 (see Appendix 2).

RECOMMENDATION:

That the Audit Committee confirms its acceptance of the Annual Audit Letter and variation to the scale fees for the 2013/14 audit.

OTHER CONSIDERATIONS:

1 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

External Audit findings contribute to the corporate governance arrangements of Winchester City Council, which in turn supports the achievement of the objectives of the District Community Strategy and Portfolio Plans.

2 RESOURCE IMPLICATIONS:

- 2.1 The planned fee for the 2013/14 audit work was £74,214 but the proposed final fee is £79,547. The proposed fee is in excess of the planned fee because the auditors responded to correspondence from electors during the audit; which gave rise to an additional fee of £5,333 (which has now been approved by the Audit Commission).
- 2.2 Following confirmation of the above proposed final fee for the 2013/14 audit work, the Council received a rebate of £6,355.83 from the Audit Commission in relation to 2013/14 financial statements work.
- 2.3 Since the Audit Results Report and the above refund were received, the Council has received a further letter from Ernst & Young LLP (appendix 2) detailing a scale fee variation of £900 for the 2013/14 audit. This increase in fees is a result of additional work undertaken by the auditors regarding Business Rates.

3 RISK MANAGEMENT ISSUES

- 3.1 The effective working of the Audit Committee is a critical component in the corporate governance arrangements of the Council, and plays a key role in the overall risk management arrangements of the Council.

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix 1 – Annual Audit Letter 2013/14

Appendix 2 – Scale Fee Variation Letter 2013/14