

REPORT TITLE: ANNUAL AUDIT LETTER 2018/19

5 MARCH 2020

REPORT OF CABINET MEMBER: CLLR CUTLER – DEPUTY LEADER AND
CABINET MEMBER FOR FINANCE AND RISK

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WARD(S): ALL

PURPOSE

The purpose of the Annual Audit Letter (AAL) is to communicate the key issues arising from the external auditors' work to all Councillors and external stakeholders, including members of the public.

The Council's external auditor's Ernst and Young LLP (EY) have now presented the Annual Audit Letter for 2018/19, which is appended to this report. It confirms that EY were able to give an unqualified audit opinion on the financial statements and that the Council has put in place proper arrangements to secure value for money in the use of resources.

The receipt of the Annual Audit Letter marks the conclusion of the external audit work in relation to the 2018/19 financial year. The letter has been discussed with officers and is published on the Council's website.

RECOMMENDATIONS:

1. That the Committee:
 - i. Takes the opportunity to discuss the contents of the Annual Audit Letter 2018/19 and raises any issues with the External Auditors; and
 - ii. Confirms its acceptance of the Annual Audit Letter 2018/19

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 The findings from external audit reviews contribute to the corporate governance arrangements of Winchester City Council, which in turn supports the achievement of the outcomes and objectives of the Council Plan.

2 FINANCIAL IMPLICATIONS

- 2.1 The fee for the audit of the 2018/19 Statement of Accounts was planned to be £43,379, however the final fee was £44,879. The extra £1,500 includes a proposed scale fee variation for additional work on PPE valuations which is subject to agreement with Public Sector Audit Appointments Limited (PSAA).

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Audit Services Unit discharges the Authority's statutory responsibilities under Regulation 5, Accounts & Audit (England) Regulations 2015 and significant aspects of the statutory duties of the Director of Finance arising under Section 151 of the Local Government Act 1972.

4 WORKFORCE IMPLICATIONS

- 4.1 There are no additional workforce implications arising from this report, however finance staff in particular play an important role in supporting the external auditor in carrying out their audit of the accounts..

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

6 CONSULTATION AND COMMUNICATION

- 6.1 The Deputy Leader and Cabinet Member for Finance and Risk as well as Executive Leadership Board (ELB) including the Council's S151 officer have been consulted on the content of the Annual Audit Letter included as Appendix 1.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None required.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property - none</i>		
<i>Community Support - none</i>		
<i>Timescales - none</i>		
<i>Project capacity - none</i>		
<i>Financial / VfM</i>	As part of the external audit, the auditor is required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.	An unqualified value for money conclusion by the external auditor demonstrates that the Council has in place proper arrangements manage its resources.
<i>Legal - none</i>		
<i>Innovation - none</i>		
<i>Reputation – the accounts being qualified by external audit as being materially misstated</i>	The accounts are prepared in accordance with the CIPFA Code of Practice are subject to review and testing by the external auditor.	
<i>Other</i>		

11 SUPPORTING INFORMATION:

11.1 The Annual Audit Letter for the year ended 31 March 2019 details the work the external auditor undertook and any audit differences or reporting issues that were identified during the their work. EY's report is appended in full to this report.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-Previous Committee Reports:-

AG0010 - Audit Results Report for the year ended 31 March 2019, 25 July 2019

Other Background Documents:-

None

APPENDICES:

Appendix 1 – Annual Audit Letter for the year ended 31 March 2019