

Meeting: AUDIT COMMITTEE

Agenda Item:

Date: 14 December 2009

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THE ANNUAL AUDIT LETTER 2008/09

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1. PURPOSE

- 1.1 To advise Members on the external auditors Annual Audit Letter 2008/09 (attached at Appendix A).

2. RECOMMENDATION

- 2.1 That the Annual Audit Letter for 2008/09 be agreed.
- 2.2 That the Strategic Director (Resources) addresses the actions contained within the letter.

3. BACKGROUND

3.1 ANNUAL AUDIT AND INSPECTION LETTER 2008/09

- 3.1.1 Under the Code of Local Government Audit Practice each year our external auditors (Grant Thornton) are required to issue an Audit Letter to the Council commenting on its financial, legal, management and governance arrangements.
- 3.1.2 The Annual Audit Letter must be prepared as soon as practical. It should be distributed to all Members, published and made available to members of the public.
- 3.1.3 The Council's accounts for 2008/09 were approved by the Statement of Accounts Committee on 29 June 2009.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 Annual Audit Letter 2008/09

4.1.1 The Annual Audit Letter for 2008/09 has been reviewed by the Strategic Director (Resources) for accuracy and the Strategic Management Board to consider the key messages provided. All were in agreement that the content was overall positive in nature.

4.1.2 The key messages in this year's Letter are listed below:

a. Audit of Accounts

We issued an unqualified opinion on the Council's 2008/09 accounts on 22 September 2009.

- We examined the Council's arrangements and process for compiling the Annual Governance Statement ('AGS').
- Due to the high profile coverage of Parliamentary expenses during 2008/09, we undertook a high level review of Members' and Senior Officers' allowances and expenses. Our review found appropriate procedures and controls are currently in operation at the Council.
- The Council did not have any investments in the collapsed Icelandic banks. Officers continue to closely monitor credit ratings and future prospects of financial institutions that the Authority is authorised to invest in to minimise the risk of losses, whilst securing competitive returns. In 2008/09 the Authority reviewed its treasury management arrangements in response to the Audit Commission report on Icelandic investments. The Audit Committee has been proactive in ensuring that treasury management arrangements remain appropriate for the Council.

b. Use of Resources

We issued our annual VFM conclusion on 25 September 2009, at the same time as our accounts opinion, in line with the required deadline. We concluded that the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

- We assessed the Council as meeting minimum requirements in managing finances. The Council has achieved a number of good financial outcomes in the year of audit and is improving processes for preparing year end accounts. One of the key challenges facing the Council is in balancing the financial position, especially as additional efficiencies will be required to counter the short to medium term challenges arising from the economic downturn. However, the Council is aware of these challenges and is actively pursuing additional efficiencies to ensure that a robust and balanced medium term financial strategy is in place.

c. Certification of Claims and Returns

Our indicative findings based on work completed to date are:

- no claims or returns required qualification
- only minor amendments were made to three grant claims and returns
- two grant claims and returns were certified without amendment or qualification

- the Council had administrative problems in accessing the Communities and Local Government website portal for recording and certifying grant claim and return information.

5. IMPLICATIONS

5.1 Financial Implications

There are no direct financial implications arising from this report.

5.2 Legal Implications

There were no legal implications identified at the time of writing this report.

BACKGROUND DOCUMENTS

Code of Local Government Audit Practice.

APPENDICES

Appendix A - Annual Audit Letter 2008/09.