

## **ANNUAL AUDIT LETTER 2010/11**

**Submitted by:** Executive Director – Resources and Support Services

**Portfolio:** Resources and Efficiency

**Ward(s) affected:** All

### **Purpose of the Report**

To receive the Annual Audit Letter from the Audit Commission dealing with the Audit of Accounts 2010/11 (see attached appendix).

### **Recommendation**

**That the Audit Commission's Annual Audit Letter be received.**

### **Reasons**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and corporate governance of public services. This report provides an overall summary of the Audit Commission's assessment of the Council.

The Annual Audit Letter from the Audit Commission dealing with the Audit of Accounts 2010/11 is addressed to the Council, but is also available as a public document for stakeholders, including the community served by the Council.

## **1. Background**

- 1.1 The Audit Commission's Annual Audit Letter summarises the conclusions and significant issues arising from the audit and inspection of the Council for the financial year 2010/11.
- 1.2 The letter summarises the findings from the 2010/11 audit. It includes messages arising from the audit of the financial statements together with the results of the work that the Audit Commission have undertaken to assess the way the Council is managing performance together with the Council's arrangements for securing value for money in its use of resources.

## **2. Issues**

- 2.1 The Audit Commission has issued a very positive report and comments that the Borough Council "continues to manage its finances well". It states "you have demonstrated that the Council, from members, through Cabinet and the management team, to those delivering services, has been proactive in responding to challenges which should leave you relatively robustly positioned for the future".
- 2.2 In respect of the Commission's value for money conclusion the Council has received an unqualified opinion. The Auditor states in the letter "I am satisfied that in all respects the Council has made proper arrangements for securing value for money".
- 2.3 The Audit Commission have issued an unqualified opinion on the financial statements for 2010/11. One of the significant challenges that all local authorities were faced with during the year was the introduction of International Financial Reporting Standards (IFRS). With

regards to the Borough Council the letter states “because of your extensive preparations, although the introduction of these standards has presented a significant challenge to the Council, the finance team were able to produce a draft set of accounts that was in line with good practice. As a result of this work, the financial statements had few errors and the working papers were comprehensive. This was a better position than many councils nationally who had difficulties with the introduction of IFRS”.

### 3. **Options Considered**

- 3.1 To do nothing is not an option for the Council which is striving for excellence.
- 3.2 The Annual Audit Letter is based on information and evidence supplied by officers and members and has been through a process of quality control. To challenge the reports and review findings is therefore not a feasible option.
- 3.3 The Annual Audit Letter should be received.

### 4. **Proposal**

- 4.1 To receive the Audit Commission’s Annual Audit Letter.

### 5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 The Audit Commission, external audit function gives assurance on the stewardship of public resources and effectiveness of its services in terms of value for money as well as contributing to the prevention, detection and investigation of potential fraud and corruption incidents. Audit Commission reports and reviews provide external challenge to the Council through which can be demonstrated improvement in relation to the Corporate Priority of ‘Transforming our Council to Achieve Excellence.’

### 6. **Legal and Statutory Implications**

This report raises no new statutory or legal implications.

### 7. **Equality Impact Assessment**

There are no differential equality impact issues identified from this proposal.

### 8. **Financial and Resource Implications**

- 8.1 This report raises no additional financial or resource implications in itself.

### 9. **Major Risks**

- 9.1 The risk of the Council not learning from the issues raised in the Annual Audit Letter may result in the provision of poorer services and increased inspection.

### 10. **List of Appendices**

Appendix - Annual Audit Letter - November 2011