

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 4
<b>8 FEBRUARY 2016</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Resources portfolio holder, Cllr Seaton		
Contact Officer(s):	John Harrison, Corporate Director: Resources	☎ 452520	
	Steven Pilsworth, Service Director Financial Services	☎ 384564	

## EXTERNAL AUDIT REPORTS

R E C O M M E N D A T I O N S	
<b>FROM :</b> John Harrison, Executive Director Resources	<b>Deadline date :</b> NA
The Audit Committee is asked to:-	
1. Consider and endorse the 2014/15 Annual Audit Letter; and	
2. Consider and endorse the 2014/15 Grant Claims: Annual Certification Report.	

### 1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee in line with its Work Programme for 2015/16.

### 2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to introduce various reports from PricewaterhouseCoopers (PwC), the Council's external auditors, in accordance with the Committees' Terms of Reference – 2.2.1.5 *To consider the external auditors annual letter, relevant reports, and the report to those charged with governance.*

### 3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	N/A
---	-----------	---	-----

### 4. EXTERNAL AUDIT REPORTS

4.1 During the year, PwC have undertaken various reviews on behalf of the authority, the Annual Audit Letter collates and summarises those reports, the bulk of which was reported to Audit Committee in the ISA 260 on the 21<sup>st</sup> September 2015. The following reports have been received and agreed with senior management.

Appendix	Report	Issue Date
A	2014/15 Annual Audit Letter	22 <sup>nd</sup> October 2015
B	2014/15 Grant Claims : Annual Certification Report	6 <sup>th</sup> January 2016

#### 2014/15 Annual Audit Letter

4.2 The External Auditor produces an Annual Audit Letter reviewing the Council's arrangements and progress in relation to the Audit of the Accounts. The report notes that PwC issued unqualified audit opinions both on the 2014/15 Statement of Accounts and on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources. Cabinet will also consider this report on 8<sup>th</sup> February 2016. The letter is attached at Appendix A for review by Audit Committee.

- 4.3 As the letter is summarising reports from earlier in the year, some of the information is now out of date. For example the Use of Resources section mentions a budget gap for 2016/17 of £18.3m. This was the position in September when the Report to Those Charged with Governance (ISA 260) was produced. Since then, significant work has been undertaken on the budget, and Cabinet will have considered proposals for a balanced budget for 2016/17 at the 8<sup>th</sup> February 2016 meeting.

#### **2014/15 Grant Claims: Annual Certification Report**

- 4.4 This is an annual report into the review and verification of grant claims across PCC, which is attached at Appendix B. For 2014/15 this covers Housing Benefit certification work.
- 4.5 Although the work resulted in a £32 reduction in the claim to £73,572,041 and a qualification letter to the DWP, the report makes it clear that this is because there is no materiality applied to this work and that the issues identified were relatively minor. Furthermore the report notes that there is a significant improvement year on year.
- 4.6 Three audit recommendations were made, and management responses to all of these have already been implemented.

#### **Report to Management: Interim and Final Audit 2013/14**

- 4.7 In previous years a Report to Management has been submitted. This year, as they were last year, all significant matters were reported within the ISA 260, which was reviewed by Audit Committee on the 21<sup>st</sup> September 2015. A separate report therefore has not been prepared.

### **5. CONSULTATION**

The various appendices have been discussed, and actions agreed by senior management at various times before being finalised. In addition, Cabinet will discuss and approve their content at the 8<sup>th</sup> February meeting

### **6. ANTICIPATED OUTCOMES**

Acknowledgement and approval of the works undertaken by External Audit.

### **7. REASONS FOR RECOMMENDATIONS**

The Accounts and Audit (England) Regulations 2011 require that the Annual Audit Letter is considered by a committee of the Council. This is covered by the Audit Committees' Terms of Reference – 2.2.1.5 *To consider the external auditors annual letter, relevant reports, and the report to those charged with governance.*

### **8. ALTERNATIVE OPTIONS CONSIDERED**

The alternative would be to not comply with the Regulations and is not an option.

### **9. IMPLICATIONS**

Implications have been identified separately in each agreed Action Plan

### **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

Council Constitution

## **11. APPENDICES**

- Appendix A – 2014/15 Annual Audit Letter
- Appendix B – 2014/15 Grant Claims : Annual Certification Report

This page is intentionally left blank