

<b>CABINET</b>	<b>AGENDA ITEM No. 8</b>
<b>8 FEBRUARY 2016</b>	<b>PUBLIC REPORT</b>

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

## ANNUAL AUDIT LETTER 2014/15

<b>RECOMMENDATIONS</b>	
<b>FROM</b> : John Harrison, Corporate Director: Resources	<b>Deadline date</b> : N/A
Cabinet are asked that, subject to any comments Cabinet may wish to make, the Annual Audit Letter for the financial year 2014/15 be approved.	

### 1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a referral from the Council's External Auditor (PriceWaterhouseCoopers).
- 1.2 The report is for Cabinet to consider under its Terms of Reference No. 3.2.11: *To scrutinise auditor's reports and letters, to consider reports from the Council's external auditor and internal auditor, where appropriate, and determine appropriate responses.*
- 1.3 The report will also be presented to the Council's Audit Committee in accordance with its Terms of Reference No. 2.2.1.5: *To consider the external auditors annual letter, relevant reports, and the report to those charged with governance.*

### 2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to consider and respond to the Annual Audit Letter for 2014/15, prepared by our external auditors PriceWaterhouseCoopers (PwC).

### 3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	N/A
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### 4. ANNUAL AUDIT LETTER

- 4.1 The External Auditor produces an Annual Audit Letter reviewing the Council's arrangements and progress in relation to the Audit of the Accounts. 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.
- 4.2 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. The letter is attached as **Appendix A**.
- 4.3 As the letter is summarising reports from earlier in the year, some of the information is now out of date.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 also on this Cabinet Agenda are proposals for a balanced budget for 2016/17.

## **5. CONSULTATION**

- 5.1 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.

## **6. ANTICIPATED OUTCOMES**

- 6.1 Approval of the Annual Audit Letter 2014/15.

## **7. REASONS FOR RECOMMENDATIONS**

- 7.1 The Council is required to consider the statutory Annual Audit Letter and make appropriate arrangements in response to recommendations.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

- 8.1 None.

## **9. IMPLICATIONS**

- 9.1 Specific implications associated with each of the main aspects of the Annual Audit Letter are addressed as part of the individual work programmes.

## **10. BACKGROUND DOCUMENTS**

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

Annual Audit Letter 2014/15.

Audit opinion for 2014/15 financial statements.

Report to those charged with Governance (ISA (UK&I) 260).

## **11. APPENDICES**

**Appendix 1** – Annual Audit Letter 2014/15