

10.1 EXTERNAL AUDIT (KPMG) 2016/17 ANNUAL AUDIT LETTER

1. Purpose of the report

This report asks Members to consider the External Auditor's 2016/17 Annual Audit Letter.

Key Issues

Key issues include:

- **The Annual Audit Letter provides a summary of the results of the external audit for 2016/17 Appendix 1 of Annex 1 gives a description of the reports issued over the year**

2. Recommendation

- 1. That the 2016/17 Annual Audit Letter be considered and acknowledged**

How does this contribute to our policies and legal obligations?

3. The work of the External Auditors is a key part of our governance arrangements and helps us to monitor and improve performance to ensure the Authority has a solid foundation supporting achievement of our four cornerstones and four directional shifts as detailed in our Corporate Strategy. Achieving an unqualified opinion on the financial statements and satisfying the Auditor that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources are corporate performance indicators.

Background Information

4. The duties and powers of auditors are set out in the Local Audit and Accountability Act 2014, the Local Government Act 1999, the Statement of Responsibilities of Auditors and Audited Bodies and the Code of Audit Practice. Considering the Auditor's annual letter is part of the Audit Resources and Performance Committee work programme.

Proposals

5. The full Letter for consideration is given at Annex 1. The key messages are given at page 3 of the Annex and include:
 - a) The External Auditor issued an unqualified conclusion on the Authority's arrangements to secure value for money.
 - b) The External Auditor issued an unqualified opinion on the financial statements. This means that they believe the financial statements give a true and fair view of the financial position of the Authority and its expenditure and income for the year.
 - c) The Statement of Accounts was prepared in a timely manner with high quality supporting work papers. There were no uncorrected audit adjustments at the end of the audit process.
 - d) The External Auditor has reviewed the Annual Governance Statement and Narrative Report and concluded that there are no matters to report and that they were consistent with their understanding.

Are there any corporate implications members should be concerned about?

Financial:

The final audit fee of £13,259 is funded from the existing Finance Services budget. In previous reports it was noted that there might be an additional fees to cover additional work undertaken in relation to the Comprehensive Income and Expenditure Statement restatement and work carried out as part of the triennial pension revaluation. It has now been confirmed for the 2016/17 Audit the Authority will only be charged the planned fee.

Risk Management:

6. The scrutiny and advice provided by external audit is part of our governance framework. The Auditor's work is based on an assessment of audit risk.

Sustainability:

7. There are no issues to highlight

Equality:

8. None

9. Background papers (not previously published)

None

10. Appendices

Annex 1 - External Audit: 2016/17 Annual Audit Letter

Report Author, Job Title and Publication Date

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