

AUDIT COMMITTEE

15 JANUARY 2015

ANNUAL AUDIT LETTER 2013/14

Report from: Mick Hayward, Chief Finance Officer

Author: Mick Hayward, Chief Finance Officer

Summary

This report and attachment reflects the work carried out by BDO, our external auditors, in respect of the 2013/14 financial year.

1. Budget and Policy Framework

1.1 The receipt of the Annual Audit Letter is a matter for the Audit Committee.

2. Annual Audit Letter 2013/14

2.1 Independent external auditors are responsible for preparing an annual audit letter for all councils. The letter is designed to communicate their key messages and conclusions to the council and external stakeholders, including members of the public.

2.2 The annual audit letter for 2013/14, produced by BDO, is attached as Appendix 1 to this report. The letter summarises the key issues arising from the work BDO have carried out during the year ending 31 March 2014 and relates to their responsibilities in both finance and governance matters.

2.4 Set out below is an overview of the key findings contained within the 2012/2013 Annual Audit Letter:

2.4.1 Statement of Accounts

- An unqualified true and fair opinion was given on the financial statements for the year, which were properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the accounts were published in accordance with the 30 September 2014 deadline.
- BDO identified one material misstatement and a number of non-material errors and inconsistencies that the Council corrected. There were also four unadjusted audit differences and these are detailed in the appendix.

2.4.2 Use of Resources (Value for Money)

- BDO are satisfied that in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources and that the Council continues to manage its finances effectively..
- An unqualified value for money conclusion has been issued. This also highlighted, the progress that had been made to address the inadequate judgements made by Ofsted in 2013 in respect of protecting children and looked after children.
- The Council's performance management arrangements remain effective

2.4.3 Other Matters

- BDO were satisfied that the Annual Governance Statement was not misleading or inconsistent with other information they were aware of from their audit.
- The audit of the Whole of Government Accounts return and the audit of grant claims and other Government returns was progressing and would be reported separately

2.5 The key findings from BDO's work are explained in more detail within Appendix 1. It is noted that BDO's detailed findings and recommendations were also reported to the Audit Committee on 25 September 2014 within the Annual Governance Report.

3. Financial and Legal Implications

3.1 There are no legal and financial implications arising from this report.

4. Risk Management

4.1 As the majority of the issues identified within the Audit Letter relate to activities of the Council during 2013/14 no risks are identified. However, value for money is one of the two core values for the Council and, in an ever more demanding financial environment, is of prime importance in ensuring that service delivery remains as effective as the letter portrays.

5. Recommendation

5.1 The Audit Committee note the content of the Annual Audit Letter for 2013/14.

Background papers

Annual Governance Report to Audit Committee 25 September 2014

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=25035>

Report author: Mick Hayward, Chief Finance Officer

T: 01634 332220, E: mick.hayward@medway.gov.uk