

AUDIT COMMITTEE
26 SEPTEMBER 2019
ANNUAL AUDIT LETTER 2018/19

Report from: Phil Watts, Chief Finance Officer
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Summary

This report and attachment reflects the work carried out by Grant Thornton, our external auditors, in respect of the 2018/19 financial year.

1. Budget and Policy Framework

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

2. Background

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.

3. Advice and analysis

3.1. The annual audit letter for 2018/19, produced by Grant Thornton, is attached as Appendix 1 to this report. The letter summarises the key issues arising from the work Grant Thornton have carried out relating to the year ending 31 March 2019, and relates to their responsibilities in both finance and governance matters.

3.2. Set out below is an overview of the key findings contained within the 2018/19 Annual Audit Letter.

3.3. Statement of Accounts:

- The auditor gave an unqualified opinion on the Council's financial statements on 1 August 2019, the day after the deadline.
- As a result of this one day delay, the Council will be listed in the Report on the results of auditors' work 2018/19 published by the Public Sector Audit Appointments Ltd (PSAA). In their press release on 2018/19 audited accounts, the PSAA noted: "The number of delayed audit opinions in local government has risen sharply this year. Figures compiled by PSAA, the

body responsible for appointing auditors to 98% of local government, police and fire bodies, show that more than 40% (210 out of 486) of audit opinions on 2018/19 statements of accounts were not available by the target date of 31 July 2019”.

- Work is underway on the Whole of Government Accounts return, and is on track to be completed by the deadline.

3.4. Use of Resources (Value for Money):

- The auditor gave an unqualified Value for Money conclusion on 1 August 2019, the day after the deadline.

3.5. Exercise of Statutory Powers:

- The auditor did not identify any matters which required them to exercise their additional statutory powers.

3.6. Grant Thornton’s detailed findings and recommendations were also reported to the Audit Committee on 30 July 2019 within the Audit Findings Report.

4. Risk management

- 4.1. As the majority of the issues identified within the Audit Letter relate to activities of the Council during 2018/19, no risks are identified. However, delivering value for money is one of the three corporate Ways of Working identified in the Council Plan, 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. Financial and Legal implications

- 5.1. There are no direct legal implications arising from this report.
- 5.2. The report sets out that due to changes in the scope of the audit (primarily around pensions and PPE valuations) it was necessary for the external auditors to carry out additional work, costing an additional £11,000. This results in an actual fee for Medway of £120,687; this has been agreed with the Chief Finance Officer, but is subject to approval from Public Sector Audit Appointments Ltd, who oversee audit fees.

6. Recommendation

- 6.1. The Committee is asked to note the content of the Annual Audit Letter for 2018/19.

Lead officer contact

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Appendices

Appendix 1 – Annual Audit Letter 2018/19

Background papers

None