

Audit and Governance Committee

8 December 2015

Is the final decision on the recommendations in this report to be made at this meeting?

No

Annual Audit Letter 2014/15

Final Decision-Maker	Cabinet
Portfolio Holder	Finance and Governance – Councillor Barrington-King
Lead Director	Lee Colyer
Head of Service	Jane Fineman
Lead Officer/Report Author	Lee Colyer
Classification	Non-exempt
Wards affected	All

This report makes the following recommendation(s) to the final decision-maker:

1. That the Audit and Governance Committee consider and approve the Annual Audit Letter.

This report relates to the following Five Year Plan Key Objectives:

- A Prosperous Borough
- A Confident Borough

The Annual Audit Letter provides a judgement on whether the Council has in place sound governance arrangements and quality financial information to deliver the Council's Strategic Plan.

Timetable

Meeting	Date
Management Board	24 November 2015 (verbal update)
Discussion with Portfolio Holder	23 November 2015
Cabinet Advisory Board	15 December 2015 meeting cancelled, report emailed on 8 December 2015.
Cabinet	14 January 2016

Annual Audit Letter 2014/15

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report outlines the conclusions of the 2014/15 annual audit of Tunbridge Wells Borough Council by Grant Thornton.
 - 1.2 Overall the Audit Letter is extremely reassuring in that, despite the very challenging financial environment and the complexities of Local Government accounting, the Council has once again been found to have in place good financial governance and effective forward planning, both of which are essential to support sound strategic decision-making in difficult circumstances.
 - 1.3 This is the sixth year in succession that the Council has received a clean financial bill of health.
 - 1.4 The Audit Letter confirms an unqualified audit opinion across all areas and comments that the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.
-

2. INTRODUCTION AND BACKGROUND

- 2.1 A copy of the Annual Letter is appended.
- 2.2 Each year, the External Auditor (Grant Thornton) carries out a series of audits and assessments on the Council's functions. The findings from the 2014/15 audit comprise the following elements:
 - Financial statements audit (including audit opinion);
 - Value for Money conclusion;
 - Whole of Government Accounts;
 - Certification of grant claims and returns; and
 - Audit fee

Audit Opinion and Financial Statements

- 2.3 The Appointed Auditor issued an unqualified audit opinion on the Council's financial statements on 25 September 2015. The Council had once again produced a set of financial statements to a high standard.

Value for Money

- 2.4 The Appointed Auditor reviewed the Council's arrangements against the three expected characteristics of:
 - Financial governance;

- Financial planning; and
- Financial control

2.5 The Council met or exceeded adequate standards and had a deep understanding of the financial challenges faced which forms the foundation for robust planning to manage the challenges ahead. Financial governance arrangements are effective and financial control arrangements are strong.

Whole of Government Accounts

2.6 The Council prepares a data pack which is used by HM Treasury to produce a consolidated set of financial statements for the UK Public Sector. This Council's data was accepted by the government but is below the financial threshold that requires a separate audit.

Certification of Grant Claims and Returns

2.7 The only grant claim that requires audit certification is the claim for housing benefits. This work is substantially complete and the results will be reported separately in the Grant Certification report.

Audit Fee

2.8 The total audit fee for 2014/15 was £68,306 which is in line with the planned fee for the year.

Impact for Residents

2.9 It is very reassuring for Council Tax payers to know that public funds are well controlled and that further financial challenges are being effectively planned for.

2.10 This 'clean' Annual Audit Letter, in addition to previous years' letters, has contributed to lower external audit fees.

3. AVAILABLE OPTIONS

3.1 There are no alternative options.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 To consider and approve the Annual Audit Letter. It is a requirement that the Cabinet and the Audit and Governance Committee should consider the External Auditor's Annual Audit Letter.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 The Annual Audit Letter is issued to all members and will be considered by Cabinet and the Audit and Governance Committee.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 The Annual Audit Letter will be published on to the Council's website.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off (name of officer and date)
Legal including Human Rights Act	The terms of reference for the Audit and Governance Committee specifically require the committee to consider the external auditor's annual letter.	Legal fee earner
Finance and other resources	The areas that are assessed within the annual audit letter form a significant part of the workload of the Finance Section. The level of fees is included with the revenue budget.	Head of Finance and Procurement
Staffing establishment	There are no new staffing implications.	Head of HR or deputy
Risk management	The level of audit fees reflects a reduction in risk associated with the control, accounting and planning of the Council's finances.	Head of Audit Partnership, Deputy Head of Audit Partnership or Audit Manager
Environment and sustainability	There are no new environmental implications.	Sustainability Manager
Community safety	There are no new community safety implications.	Community Safety Manager
Health and Safety	There are no new health and safety implications.	Health and Safety Advisor
Health and wellbeing	There are no new health and wellbeing implications.	Healthy Lifestyles Co-ordinator
Equalities	There are no new equalities implications.	West Kent Equalities Officer

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: The Annual Audit Letter for Tunbridge Wells Borough Council Year ended 31 March 2015
-

9. BACKGROUND PAPERS

None