

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

**Yes****Annual Audit Letter 2018/19**

<b>Final Decision-Maker</b>	Cabinet
<b>Portfolio Holder(s)</b>	Cllr. Tom Dawlings, Portfolio Holder for Finance and Governance
<b>Lead Director</b>	Lee Colyer, Director of Finance, Policy & Development
<b>Head of Service</b>	Jane Fineman, Head of Finance & Procurement
<b>Lead Officer/Report Author</b>	Jane Fineman, Head of Finance & Procurement
<b>Classification</b>	Non-exempt
<b>Wards affected</b>	All

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

1. That Cabinet 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**

<b><i>Meeting</i></b>	<b><i>Date</i></b>
Management Board	28 August 2019
Discussion with Portfolio Holder	12 August 2019
Audit & Governance Committee	10 September 2019
Cabinet Advisory Board	1 October 2019
Cabinet	24 October 2019

# Annual Audit Letter 2018/19

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report outlines the conclusions of the 2018/19 annual audit of Tunbridge Wells Borough Council by Grant Thornton UK LLP.
  - 1.2 Overall, the Audit Letter is extremely reassuring in that despite the 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 these are essential to support sound strategic decision-making in difficult circumstances.
  - 1.3 The Audit Letter confirms an unqualified audit opinion in relation to the statement of accounts. This outcome for 2018/19 brings the number of consecutive clean Annual Audit Letters to ten.
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## 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 2018/19 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 July 2019 (earlier than the statutory deadline of 31 July 2019). They state that the Council provided a good set of working papers and performed better than the planned budget.

## **Value for Money**

- 2.4 The Appointed Auditor reviewed the Council's arrangements in accordance with the National Audit Office Code of Practice, following the guidance issued in November 2017 which specified the criterion for the auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

The Appointed Auditor states that they are satisfied that "in all significant respects the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

## **Whole of Government Accounts**

- 2.5 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**

- 2.6 The only grant claim that requires audit certification is the housing benefits subsidy claim on behalf of the Department for Work and Pensions. This work is substantially complete and the results will be reported separately in the Grant Certification report.

## **Audit Fee**

- 2.7 The total audit fee for 2018/19 was £43,847 (excluding grant certification) which is the planned fee for the year plus £4,400 for additional work relating to the pensions assessment and Property, Plant and Equipment valuations. This variation is within the contract terms determined by the Public Sector Audit Appointments body who tendered the audit contracts.

## **Impact for Residents**

- 2.8 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.
- 2.9 This Annual Audit Letter, in addition to previous years, has contributed to lower external audit fees.

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## **3. AVAILABLE OPTIONS**

- 3.1 There are no alternative options.
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#### 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.
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#### 5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The Audit and Governance Committee agreed The Annual Audit Letter at its meeting on 10 September 2019.

##### RECOMMENDATION FROM CABINET ADVISORY BOARD

- 5.2 The Finance and Governance Cabinet Advisory Board were consulted on this decision on 1 October 2019 and agreed the following:

The Recommendations set out in the report be supported.

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#### 6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The Annual Audit Letter will be published on to the Council's website.
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#### 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off (name of officer and date)
<b>Legal</b> 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.	Head of Legal Partnership
<b>Finance</b> 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
<b>Staffing establishment</b>	There are no new staffing implications.	Head of HR
<b>Risk management</b>	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
<b>Environment</b> and sustainability	There are no new environmental implications.	Sustainability Manager

<b>Community safety</b>	There are no new community safety implications.	Community Safety Manager
<b>Health and Safety</b>	There are no new health and safety implications.	Health and Safety Advisor
<b>Health and wellbeing</b>	There are no new health and wellbeing implications.	Healthy Lifestyles Co-ordinator
<b>Equalities</b>	There are no new equalities implications.	Corporate Governance Officer

## **8. REPORT APPENDICES**

The following document is to be published with this report and forms part of the report:

- Appendix A: The Annual Audit Letter for Tunbridge Wells Borough Council, year ended 31 March 2018

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## **9. BACKGROUND PAPERS**

None