

12 September 2019		ITEM: 9
Standards & Audit Committee		
Thurrock Annual Audit Letter 2018/19		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Sean Clark, Director of Finance and IT		
Accountable Assistant Director: Jonathan Wilson, Assistant Director - Finance		
Accountable Director: Sean Clark, Director of Finance and IT		
This report is Public		

Executive Summary

The external auditors are responsible for:

- Forming an opinion on the Financial Statements;
- Reviewing the Annual Governance Statement;
- Forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- Undertaking any other work specified by the regulator.

The Annual Audit Letter summarises this work and is appended to this report. The content of this letter has been largely reported to this committee in July 2019 as part of the Audit Results Report which confirmed:

- The Council received an unmodified audit opinion on the 2018/19 Financial Statements
- The Council received an unmodified value for money conclusion.
- The Annual Governance Statement was consistent with external audit's knowledge of the Council

The Annual Audit Letter summarises these conclusions alongside the wider areas of work completed at the Council.

1. Recommendation(s)

- 1.1 That the Standards and Audit Committee consider the comments of our external auditors as set out in the attached report and note their findings.**

2. Introduction and Background

2.1 The main message is the auditors issued an unmodified audit opinion on the 2018/19 financial statements and an unmodified value for money conclusion.

2.2 The findings from the financial statement audit in relation to the significant risk areas identified in the audit plan are set out in the appendix. The Council positively addressed these risks as noted in the report and these were considered by the Committee in July 2019 as part of the Audit Results Report.

2.3 The financial statements produced were to a high standard and were supported by relevant supporting records. Officers worked hard to support the audit process and resolve queries quickly and effectively. External audit have identified some reclassification of balances between categories which have been amended where they are material. They have also taken a view on the categorisation and fair values of financial instruments which the Council has amended. There is no change to the useable reserves of the Council as a result of these amendments.

2.4 In arriving at their value for money conclusion the auditors confirmed the Council has arrangements in place to address the identified risk in relation to the achievement of savings over the medium term.

3. Issues, Options and Analysis of Options

3.1 The report continues the positive work from the previous year and officers continue to work to maintain the high standard of the financial accounts.

3.2 The completion of the financial statements audit took some additional time. This was largely to enable the external auditors to further consider the treatment of financial instruments and the prior year treatment of group housing assets.

3.3 The Council is working to meet the significant financial challenges caused by ongoing reductions in funding and continue to monitor the position through the Medium Term Financial Strategy.

4. Reasons for Recommendation

4.1 For the committee to note the findings of the external auditors.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 The Annual Audit Letter summarises the reports that have previously been communicated to Members of the Standards and Audit Committee.

6. Impact on corporate policies, priorities, performance and community impact

6.1 There are no implications arising from the Annual Audit Letter.

7. Implications

7.1 Financial

Implications verified by: **Jonathan Wilson**
Assistant Director - Finance

The financial implications are noted in the body of the report.

7.2 Legal

Implications verified by: **Tim Hallam**
Acting Head of Law, Assistant Director of Law and Governance

The Council is required to publish the Annual Audit Letter following consideration by members in accordance with regulation 20 of the Accounts and Audit Regulations 2015.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Strategic Lead, Community Development and Equalities

There are no specific diversity and equality implications arising from this report.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder or Impact on Looked After Children

There are no specific implications from this report.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- There are various working papers within accountancy.

9. Appendices to the report

Appendix 1 – The Annual Audit Letter

Report Author:

Jonathan Wilson

Assistant Director - Finance

Corporate Finance