

Agenda Item No: 4
Report To: **AUDIT COMMITTEE**
Date: **4 DECEMBER 2012**



Report Title: **External Auditor's Reports: Annual Audit Letter 2011-2012 and Planned Audit Fee 2012-2013**

Report Author: Andy Mack (former Audit Commission District Auditor, and now Engagement Lead, Grant Thornton UK – the council's external auditor)

Paul Naylor, Deputy Chief Executive (covering summary)

Summary: This summary introduces two reports from our external auditor.

The first is the external auditor's annual letter to the council that covers his findings and opinions from the 2011-2012 audit. Detailed findings are not re-stated as these will have been reported previously to the committee. The letter restates the unqualified opinion on last year's accounts and the conclusion on efficiency and effectiveness. There are no matters being highlighted for any further attention.

The second letter sets out the auditor's proposed fee for the next audit. This is a formal statement of the position previously reported, confirming a fee reduction of 40%, which is now reflected in the council's draft budget.

Andy Mack and his colleagues will be present at the meeting to introduce the reports and take questions.

Key Decision: No

Affected Wards: None specifically

Recommendations: **The Audit Committee is asked to note the two reports, after making any comments it feels are appropriate.**

Policy Overview: The council is by law subject to external audit, which, therefore, forms a very necessary part of the statutory governance framework for councils. From November 2012 the Audit Commission outsourced all of its audit work and from that date the responsibility is being carried out by Grant Thornton UK LLP.

Financial Implications: The planned audit fee of £92,515 for the 2012-2013 is fully covered in the draft budget. Providing audit risks and demands remain stable, the fee is fixed at this level for five years. This means Grant Thornton UK will absorb all inflationary impacts.

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3 October 2012

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Dear Member

Ashford Borough Council: Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises the findings from my 2011/12 audit of Ashford Borough Council.

Financial statements

On 27 September 2012 I presented my Annual Governance Report to the Audit Committee outlining the findings of my audit of the Council's 2011/12 financial statements. I will not replicate my detailed findings in this letter.

On 28 September 2012 I:

- issued an unqualified opinion on the Council's 2011/12 financial statements;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources; and
- certified completion of the audit.

The financial statements submitted for audit were complete and supported by comprehensive electronic working papers. Officers have worked hard to improve the internal consistency of the statements and internal quality control of the accounts has been strengthened. The accounts were prepared to a sound standard overall.

Under the Audit Commission framework I consider the Council's arrangements to prioritise its resources and ensure that it has a stable financial position. The Council has good financial governance and sound arrangements for financial control. It continues to strengthen its financial planning to ensure it is well-placed to address the financial pressures it faces over the medium term. The Council takes a strategic approach to setting priorities and achieving cost cuts through improved efficiency and productivity.

Closing remarks

I have discussed and agreed this letter with the Chief Executive and Deputy Chief Executive. This has been another challenging year for all who work in local government. I wish to thank the Audit Committee, senior management and the finance team for the positive and constructive approach they have taken to my audit.

Yours sincerely

Andy Mack
District Auditor