

# ***Report of the Audit and Governance Committee***



**THE AUDIT AND GOVERNANCE COMMITTEE** reports and recommends as follows:-

**1. Annual Audit Letter 2017/2018**

That they have given consideration to the Annual Audit Letter (copy attached) covering the year 2017/2018 prepared by the Council's external auditor Mazars LLP.

The Committee welcomes the positive report and accordingly, the Committee recommends Council to note the Annual Audit Letter for 2017/2018.



**ANNUAL AUDIT LETTER 2017/2018**

**Report of the Executive Director of Corporate Services**

**1.0 Purpose of Report**

- 1.1 This report details the external auditors (Mazars) Annual Audit Letter (AAL) covering the year 2017/2018. A copy is attached. The Annual Audit Letter will subsequently be referred to council in November for information.

**2.0 Description of Decision**

- 2.1 Members are recommended to:

- Consider the Annual Audit Letter and note its contents.

**3.0 Introduction**

- 3.1 The Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office require auditors to prepare an AAL and issue it to each audited body. The purpose of preparing and issuing an AAL is to communicate to the audited body and key external stakeholders, including members of the public, the key issues arising from the auditors' work, which auditors consider should be brought to the attention of the audited body.

- 3.2 The AAL summarises the findings of the 2017/2018 audit, which comprises of two key elements:

- An audit of the Council's financial statements;
- An assessment of the Council's arrangements to achieve value for money in the use of its resources.

**4.0 Summary Position**

- 4.1 The AAL is positive overall, providing a strong endorsement of the financial management and governance arrangements in place across the Council.

- 4.2 The key findings arising from the audit work were:

- The financial statements give a true and fair view of the Council and the Group's financial position as at 31 March 2018.

- The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
- All other information in the Statement of Accounts is consistent with the audited financial statements
- That the Council's Whole of Government Accounts Assurance Statement was completed by the 31 August 2018 in line with requirements
- That the auditors did not use powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.

4.3 The Auditor continues to issue an 'except for' qualification in relation to children's safeguarding services on the Council's Value For money conclusion. The auditor concluded that the Council had put in place proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources, 'except for' the areas highlighted as inadequate by Ofsted in relation to children's safeguarding services. This issue is fully set out on page 10 of the Auditors correspondence.

## **5. Alternative Options**

5.1 Not applicable as the report is for information only.

## **6. List of Appendices**

6.1 Appendix A - Sunderland City Council Annual Audit Letter 2017/2018.