

AUDIT AND GOVERNANCE COMMITTEE

16 December 2016

ANNUAL AUDIT LETTER 2015/2016

Report of the Interim 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 2015/2016. A copy is attached.

2.0 Description of Decision

- 2.1 Members are recommended to:
- Note and comment on the contents of this report.

3.0 Introduction

- 3.1 The Audit Commission's Code of Audit Practice requires 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 2015/2016 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 Auditor issued an unqualified audit opinion on the Council's financial statements and in this respect the report confirms that the Council:
- Produced "good quality" accounts for 2015/2016, within the statutory timescales and gave a true and fair view of the council's financial position;
 - Produced an accurate Annual Governance Statement which was found to be consistent with the views of the auditor;

- Received no questions or objections to the accounts;
- Accurately reported its financial performance to government via the Whole of Government Accounts process.

4.3 The Auditor also issued an except for qualification on the Council's Value For money Conclusion (in relation to Ofsted's assessment of children's safeguarding services). The Auditor's position in this regard is unchanged for the financial year 2015/2016, despite the Council making significant strides to improve children's services, as they must issue a qualified value for money conclusion until Ofsted provide the Council with a positive Ofsted inspection report. Although Ofsted has acknowledged that the Council has made improvements and significant progress during the year to address the position it has not yet issued the required assurance the Council requires for the auditors to provide an unqualified VfM audit opinion. However they noted that, in all significant respects, the council put in place proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

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 2015/2016.