

## **AUDIT AND GOVERNANCE COMMITTEE**

**13 December 2013**

### **ANNUAL AUDIT LETTER 2012/2013**

#### **Report of the Head of Financial Resources**

##### **1.0 Purpose of Report**

- 1.1 This report details the external auditors (Mazars) Annual Audit Letter (AAL) covering the year 2012/2013. A copy is attached.

##### **2.0 Description of Decision**

- 2.1 The Audit and Governance Committee is recommended to note and comment on the contents of this very positive 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 AALs 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 2012/13 audit, which comprises of two elements:

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

##### **4.0 Summary Position**

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

- 4.2 The Auditor issued an unqualified audit opinion on the Council's financial statements and an unqualified Value for Money conclusion. The report confirms that the Council:

- Produced accounts for 2012/13 that gave a true and fair view of the council's financial position and that no objections to the accounts were received

- Accurately reported its financial performance to government via the Whole of Government Accounts process
- Had proper arrangements in place to secure value for money.
- Was financially resilient and had managed its financial position very well as both budget setting and close budget monitoring were consider robust which had culminated in an underspend of £6m despite having to successfully deliver continued significant financial savings of £28m in respect of cuts in government funding and other cost pressures without the need for redundancies.
- Had made significant changes to secure its future viability as a community leadership council in 2012/13.
- Is aware of the continued and significant further grant reductions it is facing and is continuing to identify ways of improving service efficiencies and new ways of working and to improve service delivery and outcomes with fewer resources, the details of which are set out on page 7 of the Auditors AAL.

## **5. Alternative Options**

5.1 Not applicable as the report is for information only.

## **6. List of Appendices**

Appendix A - Sunderland City Council Annual Audit Letter 2012/2013