

**AUDIT AND GOVERNANCE COMMITTEE**

5 February 2021

**ANNUAL AUDIT LETTER 2019/2020****Report of the Executive Director of Corporate Services****1.0 Purpose of Report**

- 1.1 This report details the external auditor's (Mazars) Annual Audit Letter (AAL) covering the year 2019/2020. A copy is attached. The AAL will subsequently be referred to Council in March 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 the AAL is to communicate any key issues arising from the auditor's work to the audited body and its external stakeholders, including members of the public.

- 3.2 The AAL summarises the findings of the 2019/2020 audit, which comprises of two key elements:

- The 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 2020;
- The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020;
- 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 has been unable to be completed yet due to issues with the new system introduced by central government. However, no significant issues are anticipated, subject to the agreed amendments;
- 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 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 17 of the Auditor's 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 2019/2020.