

**AGENDA ITEM:**

**REPORT TO AUDIT &  
GOVERNANCE COMMITTEE**

**REPORT OF DIRECTOR OF  
FINANCE & BUSINESS SERVICES**

**23<sup>rd</sup> SEPTEMBER 2019**

**ANNUAL AUDIT LETTER 2018/19**

**SUMMARY**

To present to Members of the Committee, the Annual Audit Letter for 2018/19.

**REASONS FOR PRODUCING THIS REPORT**

The external auditor, Mazars LLP, is required to present its findings following the completion of the annual audit of the Council's and Group accounts to the Council's Cabinet. The letter will be presented to Cabinet on the 17<sup>th</sup> October 2019.

**BACKGROUND**

1. A formal stage in the annual audit process is the production of the "Annual Audit Letter". The Annual Audit Letter for 2018/19 has now been received and is attached as an Appendix to this report.
2. The Annual Audit Letter summarises the auditor's findings from the 2018/19 audit. In line with previous practice, a copy of the Annual Audit Letter will be sent to all Members of the Council. Mazars LLP are required to submit the Annual Audit Letter to Public Sector Audit Appointments Limited and it will appear on their website in due course.
3. Mazars LLP has issued an unqualified audit opinion on the Council's and Group financial statements for 2018/19 and in their opinion they;
  - give a true and fair view of the Council and Group's financial position as at 31 March 2019 and of the Councils and Groups expenditure and income for the year then ended; and
  - have been prepared properly in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
4. Mazars LLP has issued an unqualified value for money conclusion stating that in all significant respects the "the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019".
5. The letter sets out a 'Forward Look' in which future financial and operational challenges, many of them national, are highlighted. It states that "The position beyond 2019/20 is very uncertain as much depends on the outcome of the comprehensive spending review, fair funding review and the measures that will be taken in relation to the future operation of

the business rates system. However, it seems unlikely that the overall financial position for the Council will improve sufficiently to allow it to defer any of the difficult decisions needed. Decisive action to bridge the budget gap over the medium term is a key priority for the Council.”

6. The Code of Audit Practice requires Mazars to consider whether information published alongside the financial statements is consistent with those statements and their knowledge and understanding of the Council. In their opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.

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