

AGENDA NO:

REPORT TO CABINET

**REPORT OF THE
CORPORATE MANAGEMENT
TEAM**

27 SEPTEMBER 2018

CABINET DECISION

Leader of the Council – Councillor Cook

ANNUAL AUDIT LETTER 2017/18

Summary

To present to Members of the Cabinet, the Annual Audit Letter for 2017/18.

Recommendation

That Members note the contents of the letter.

Reasons for the Recommendation/Decision

The external auditor, Mazars LLP, is required to present its findings to the Council's Cabinet Committee.

Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give

evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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SUMMARY

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RECOMMENDATION

That Members note the contents of the letter.

BACKGROUND

1. Members will recall that in 2012 the Audit Commission appointed Mazars LLP to act as external auditors to the Council. Following the abolition of the Audit Commission, audit appointments are now made by Public Sector Audit Appointments Limited.
2. A formal stage in the annual audit process is the production of the Annual Audit Letter. The Annual Audit Letter for 2017/18 has now been received and is attached as an Appendix to this report.
3. The Annual Audit Letter summarises the auditor's findings from the 2017/18 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.

DETAIL

4. Mazars LLP has issued an unqualified audit opinion on the Council's financial statements for 2017/18 and in their opinion they;
 - give a true and fair view of the financial position of Stockton-on-Tees Borough Council as at 31 March 2018 and of its 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 2017/18.
5. Mazars LLP has issued an unqualified value for money conclusion stating that in all significant respects the "the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources".

6. The report sets out a Forward Look in which future financial and operational challenges, many of them national, are highlighted. It highlights that "The Council is well aware of the financial challenges it is facing in the future. The MTFP has been refreshed and updated for known pressures, events and assumptions as part of the 2018/19 budget setting process" and "The Council remains well placed to face these challenges and officers continue to keep the overall position under close review."
7. 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.

COMMUNITY IMPACT IMPLICATIONS

8. As part of the process of making changes to policy or delivery of services we consider the impact on our communities. No changes to policy or service delivery are proposed as part of this report.

FINANCIAL IMPLICATIONS

The Letter demonstrates that the Council continues to maintain sound financial systems and delivers value for money.

LEGAL IMPLICATIONS

None directly

RISK ASSESSMENT

The letter does not present any risks. It comments on the financial governance arrangements, which are working well.

COUNCIL PLAN POLICY PRINCIPLES AND PRIORITIES

Deliver value for money and strong governance.

CORPORATE PARENTING IMPLICATIONS

Not applicable

CONSULTATION INCLUDING WARD COUNCILLORS

Not applicable.

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Background Papers:

Reports from Mazars LLP provided to the Audit Committee in 2018:

External Audit - Progress Report	February 2018
External Audit - Certificate of Claims and Returns	February 2018
External Audit - Audit Strategy Memorandum & VFM	February 2018
External Audit - Progress Report	May 2018
External Audit - Completion Report	July 2018
External Audit - Annual Audit Letter	September 2018