

Audit Committee – 27th October 2011

## 6. Annual Audit Letter

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### Purpose of the Report

This report introduces the annual audit letter for the 2010/11 financial year.

### Recommendations

The Audit Committee is asked to note the contents of the Audit Letter as set out in the report attached at pages 5 -18 and to approve the action plan in appendix 2.

### Introduction

The review of the Annual Audit Letter is included within the remit of the Audit Committee under its terms of reference as follows:

“To consider the effectiveness of SSDC’s risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action has been taken”

“To consider the reports of external audit including the Annual Audit Letter and seek assurance from management that action has been taken”

“To review and approve the annual Statement of Accounts, external auditor’s opinion and reports to members and monitor management action in response to issues raised”

“To review the Annual Governance Statement (AGS) and monitor associated action plans”

Each year the Audit Commission is required to make arrangements for the production of an audit letter for each local authority. This letter has changed in format for 2010/11. The letter outlines the following:

- Key Messages;
- Financial Challenges;
- A conclusion on the Statement of Accounts and annual governance statement;
- A conclusion on Value for Money;
- The fees charged by the Audit Commission compared to those budgeted.
- Action Plan

### Key Messages

The letter overall gives an unqualified audit opinion on the Council’s Financial Statement and Value for Money conclusion. The auditor is satisfied that the Council has proper

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arrangements in place for securing economy, efficiency and effectiveness in the use of its resources. The letter will be considered by both District Executive and Scrutiny Committee. A copy of the letter will also be sent to all members of the Council.

## **Current and Future Challenges**

The letter outlines the challenge ahead in setting a balanced budget given the reduction in government grant of £2.3 million over 2011/12 and 2012/13.

## **Statement of Accounts**

An unqualified opinion was given on the Statement of Accounts and during the audit some minor amendments were made by agreement. The auditor did not identify any significant weaknesses in the Council's internal control arrangements but did make some recommendations to improve the control environment.

## **The Value for Money Conclusion**

Two criteria were used to assess whether SSDC had adequate arrangements for Value for Money. These are:

- Financial resilience;
- Securing economy, efficiency and effectiveness.

An unqualified conclusion was given on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

## **Fees**

The fees charged by the Audit Commission were in line with the budgeted fee structure given at £104,638. The authority continues to receive a discount on fees (£8,565) because of the low risk assessment received from the Audit Commission.

## **Action Plan**

An Action Plan has been agreed for the key issues arising from the letter.

## **Financial Implications**

There are no financial implications in accepting this report and the associated recommendations.

**Background Papers:** *Annual Governance Report*

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