

By: John Simmonds, Cabinet Member for Finance
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To: Governance and Audit Committee – 29 November 2011

Subject: **Audit Commission: Draft Annual Audit Letter**

Classification: Unrestricted

Summary: The Audit Commission's Annual Audit letter provides a summary of the most important findings from their 2010/11 audit.

FOR ASSURANCE

Introduction

1. The Audit Commission's Code of Audit Practice requires that the external auditors prepare an Annual Audit Letter (the Letter) and issue it to the Council. The purpose of the Letter is to communicate to the Council and its external stakeholders, including members of the public, the key issues arising from auditors' work, which the District Auditor considers should be brought to the attention of the Council. The Letter is intended to cover the work carried out by the external auditors since the previous Letter was issued, in this case November 2010.
2. The Letter highlights any key issues drawn from reports previously presented to the Governance and Audit Committee and the auditors' conclusions on relevant aspects of the audit.

Summary of the letter

3. This Letter summarises the work from the External Auditor's 2010/11 Audit plan and includes:
 - The audit opinion and financial statements
 - Value for money
 - Current and future challenges
 - The audit fees for 2010/11
5. The Letter reaffirms the unqualified opinion on the 2010/11 financial statements, including the Kent Pension Fund, and the unqualified value for money conclusion.
6. Mr Wells, the District Auditor, will provide a short commentary in relation to any issues in the letter that he feels require detailed consideration by the committee.

Publication of the Letter

7. The Letter is addressed to all Members and the District Auditor requires that all Members receive a copy. There is also a statutory requirement to publish the Letter, and the Audit Commission will publish all Letters on its website as part of its objective to make its findings easily accessible to everyone. To meet the publication requirements, the Letter will be circulated to all Members of the County Council and published on the website after this committee.

Recommendations

8. The Governance and Audit Committee is asked to receive the Annual Audit Letter for assurance and note:
 - the requirement of the External Auditors to prepare and issue an Annual Audit Letter to the Council has been met, and
 - the proposed actions for publication of the Annual Audit Letter.

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