

By: Cabinet Member for Corporate Support Services and  
Performance Management  
Director of Finance

To: Governance and Audit Committee – 1 December 2009

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

Classification: Unrestricted

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**Summary:** This paper introduces the Audit Commission's Annual Audit letter from the 2008/09 audit.

## **FOR INFORMATION**

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### **Introduction and background**

1. The Audit Commission's Code of Audit Practice requires that the external auditors prepare an annual audit letter and issue it to the Authority.
2. The purpose of the annual audit letter is to communicate to the Authority 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 Authority. The annual audit letter is intended to cover the work carried out by the external auditors since the previous annual audit letter was issued, in this case March 2009.
3. The letter highlights 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**

4. This annual audit letter summarises the work from the External Auditor's 2008/09 audit plan (i.e. work relating mainly to the 2008/09 financial year). The letter covers:
  - The audit of the financial statements (including the Superannuation fund).
  - Value for money and use of resources, including the key messages from specific reviews of commercial operations, health inequalities and partnership working, and an update on adults with learning disabilities.
  - The audit fees for 2008/09.
5. At the time of drafting the letter the scoring in relation to the use of resources judgements were still subject to review, following a request by KCC. It is hoped that Mr Wells, the District Auditor, will be able to provide the Committee with a progress report on this situation, although the actual scores may remain embargoed until formal publication by the Audit Commission on 10<sup>th</sup> December.
6. The report from the review of commercial services was presented to the Committee in September 2009, and the full reports from review of Health Inequalities and Partnership Working are included on this agenda.

### **Publication of the Letter**

7. The annual audit letter is addressed to all Members and the auditor requires that all Members receive a copy. There is also a statutory requirement to publish the annual audit letter, and the Audit Commission will publish all annual audit letters on its website as part of its objective to make its findings easily accessible to everyone. To meet the publication requirements, the annual audit 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:
  - **Note** the requirement of the External Auditors to prepare and issue an annual audit letter to the Authority, and that this has been met.
  - **Endorse** the proposed actions for publication of the annual audit letter.

**David Tonks**  
**Head of Audit and Risk**  
**Ext: 4614**