

EAST HERTS COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 23 NOVEMBER 2016

REPORT BY EXECUTIVE MEMBER FOR FINANCE AND SUPPORT SERVICES

THE COUNCIL'S RESPONSE TO THE ANNUAL AUDIT LETTER

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report sets out the proposed response from the Council to the issues and recommendations raised in the Annual Audit Letter 2015/16.

RECOMMENDATIONS FOR THE AUDIT AND GOVERNANCE COMMITTEE: That:

(A)	The Committee agrees the response to the Annual Audit Letter.
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1.0 Background

- 1.1 All councils are subject to independent, external review by an external auditor with the final conclusions and recommendations being presented to the Council in the Annual Audit Letter (AAL).
- 1.2 The AAL for the financial year 2015/16, found (please refer to agenda item 7), summarises the key findings arising from the external audit along with proposed responses from the Council to these.
- 1.3 The AAL will be published on the council's website in order to comply with the publication requirements contained within the Accounts and Audit Regulations 2015.

2 Report

- 2.1 The AAL summarises the key issues and recommendations arising from the work undertaken by Ernst & Young LLP for the year ended 2015/16.

- 2.2 The letter follows on from the Audit Findings Report submitted to the Audit Committee on 21 September 2016.
- 2.3 The AAL confirms that the council received an unqualified opinion on both its financial statements for the year ended 2015/16 and for the value for money conclusion on 30 September 2016.
- 2.4 No issues have been raised in the AAL that were not raised in the Audit Findings Report.
- 2.5 The AAL documents three key issues with regard to the Financial Statement Audit. We will consider the conclusions reached on each of these points, although no recommendations for action were made.
- 2.6 The AAL documents three significant risks with regard to Value for Money. The audit concluded that the Council has adequate arrangements in place and no recommendations for action were made.
- 2.7 The Council's officers look forward to working with EY to plan a successful audit for the 2016/17 accounts.

3 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper A**.

Background Papers - None

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