

Meeting of:	<b>Audit Committee</b>
Date of Meeting:	<b>Monday, 16 December 2019</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Annual Audit Letter 2018/19
Purpose of Report:	To present Members with the Annual Audit Letter for 2018/19 Financial Year
Report Owner:	Head of Finance & Section 151 Officer
Responsible Officer:	Managing Director
Elected Member and Officer Consultation:	No Elected Members have been consulted. Legal Services and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
Executive Summary:	
<ul style="list-style-type: none"> <li>• The Annual Audit Letter 2018/19 attached at Appendix A summarises the key messages arising from the work the external auditors carried out during 2018/19</li> <li>• The letter is designed to communicate their key messages and conclusions to the Council and external stakeholders, including members of the public.</li> <li>• The Council has complied with its responsibilities relating to financial reporting and use of resources</li> <li>• The Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources</li> <li>• A certificate confirming that the audit of the accounts has been completed was issued on 12th September 2019.</li> <li>• The work undertaken to date on grant claims has not identified any significant issues</li> </ul>	

## **Recommendations**

1. Members consider and note the External Annual Audit Letter for 2018/19.

## **Reasons for Recommendations**

1. To facilitate monitoring of the Council and the Audit Function.

### **1. Background**

- 1.1** 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 external auditor's annual report and other relevant reports and to make recommendations on their implementation to Cabinet and / or Council as appropriate".

- 1.2** The Appointed Auditor is required under the Public Audit (Wales) Act 2004 to:

- Provide an audit opinion on the accounting statements;
- Review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and;
- Issue a certificate confirming that the Appointed Auditor has completed the audit of the accounts.

- 1.3** The letter is designed to communicate their key messages and conclusions to the Council and external stakeholders, including members of the public.

### **2. Key Issues for Consideration**

- 2.1** The Annual Audit Letter 2018/19 is attached at Appendix A and summarises the key messages arising from the work the external auditors have carried out during 2018/19

- 2.2** The letter confirms that the Council has complied with its responsibilities relating to financial reporting and use of resources. The key matters arising from the accounts audit were reported to Audit Committee on 2nd September 2019 and subsequently Full Council on 9th September 2019.

- 2.3** On 12th September 2019 an unqualified audit opinion was issued within the statement of accounts confirming a true and fair view of the Council's financial position and transactions.

- 2.4** The appointed Auditor is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, and certified that the audit was complete when the audit opinion was issued.
- 2.5** The work undertaken to date on grant claims has not identified any significant issues and a more detailed report in grant certification work will be prepared once the programme of certification work is complete.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** The Auditors consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009 and under the Well-being of Future Generations (Wales) Act 2015.

## **4. Resources and Legal Considerations**

### **Financial**

- 4.1** The financial audit fee for 2018-19 is expected to be in line with the agreed fee.

### **Employment**

- 4.2** None as a direct consequence of this report.

### **Legal (Including Equalities)**

- 4.3** The Public Audit (Wales) Act 2004 requires the Auditor General for Wales to:
  - provide an audit opinion on the accounting statements;
  - review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
  - issue a certificate confirming that I have completed the audit of the accounts.
- 4.4** Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.
- 4.5** There are no equalities implications as a direct consequence of this report.

## **5. Background Papers**

None



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Mr Rob Thomas  
Managing Director  
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**Reference:** 1589A2019-20  
**Date issued:** 25 November 2019

Dear Rob

### Annual Audit Letter – Vale of Glamorgan Council 2018-19

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

### The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 12 September 2019 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my *Audit of Financial Statements report* on 2 September 2019 and subsequently to Full Council at its meeting on the 9 September 2019.

From 2020-21 onwards, Committee dates will need to be brought forward to incorporate the earlier statutory deadlines whereby the draft financial statements need to be prepared and signed by the responsible finance officer (S151 officer) by 31 May 2021 and the financial statements need to be approved by the Council and published by 31 July 2021. We will continue to work closely with Council officers over the Autumn to identify and implement further improvements to the preparation and audit of the 2019-20 financial statements, with the aim of meeting the revised deadlines by 2020-21.

### **I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009 and under the Well-being of Future Generations (Wales) Act 2015.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, although in August 2019 I set out in my Annual Improvement Report<sup>1</sup> some areas where improvements could be made.

Notwithstanding the above conclusion, I wish to highlight that I am currently undertaking a review of the Council's financial sustainability, on which I expect to report to the Council by December 2019. My report will set out any specific areas where improvements could be made.

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<sup>1</sup> <http://www.audit.wales/publication/vale-glamorgan-council-annual-improvement-report-2018-19>

**I issued a certificate confirming that the audit of the accounts has been completed on 12 September 2019**

Having given an audit opinion on the financial statements and concluded on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources, I was able to certify that the audit was complete when I issued my audit opinion.

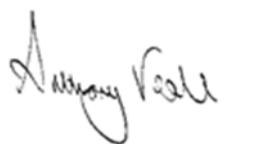
**My work to date on certification of grant claims and returns has not identified significant issues**

A more detailed report on my grant certification work will follow early in 2020 once this year's programme of certification work is complete.

**Financial audit fee**

The financial audit fee for 2018-19 is currently expected to be in line with the agreed fee set out in the Annual Audit Plan.

Yours sincerely

A handwritten signature in black ink, appearing to read "Anthony Veale".

**Anthony Veale  
Engagement Director  
For and on behalf of the Auditor General for Wales**

cc Neil Moore, Leader  
Carys Lord, Head of Finance