

Report title: Annual Audit Letter – Year ending 31 March 2018	
Report to Audit, Governance and Standards Committee	
Report author: Margaret Lee – Executive Director of Corporate and Customer Services	
Date of meeting: 17 September 2018	For: Noting
Enquiries to Margaret Lee, Executive Director for Corporate and Customer Services Tel. No: 03330 134558	
Divisions affected: All Essex	

1. Purpose of report

- 1.1 The purpose of this report is to present formally the External Auditor's Annual Audit Letter for the year ending 31st March 2018 to the Committee.

2. Recommendations

- 2.1 That the report be noted.

3. Background and proposals

- 3.1 The detailed findings from the audit work performed by Ernst and Young in relation to the year ending 31 March 2018 were reported to the Committee on **30 July 2018** (when the Committee approved the 2017/18 Statement of Accounts).
- 3.2 The purpose of Ernst and Young's Annual Audit Letter (as appended) is to communicate the key issues arising from their audit work for 2017/18 to Members, and to other key stakeholders.
- 3.3 The Annual Audit Letter summarises the conclusions from all elements of the external audit work related to 2017/18, including that:
 - i. **Unqualified opinions** were issued in relation to the Council's financial statements and those of the Essex Pension Fund, meaning that the financial statements gave a true and fair view of the financial position of the Council and Pension Fund as at 31 March 2018 and of the expenditure and income for the year then ended;
 - ii. The Council had put in place **proper arrangements** to secure value for money in the use of its resources, **except for** sustainable resource deployment arising from pressure from the economic downturn. In their Annual Audit Letter, external audit acknowledge the significant progress made by the Council in identifying savings and reducing the budget gap, however as these plans are yet to be finalised the 'except for' conclusion remains in place;
 - iii. The Pension Fund financial statements published in Essex County Council's financial statements were **consistent** with those financial statements published in the Essex Pension Fund Annual Report and Accounts;
 - iv. Other information published with the financial statements was **consistent** with the Annual Accounts and the Annual Governance Statement was consistent with the External Auditor's understanding of the Council;
 - v. The **deadline was met** for reporting to the National Audit Office on the consolidation pack that the Council is required to prepare for the Whole of Government Accounts;
 - vi. There were **no issues** to report in relation to the public interest; and
 - vii. There were no matters requiring written recommendations to be issued.

4. Policy context and Outcomes Framework

- 4.1 The Annual Audit Letter communicates the key matters related to the audit of the Council's Statement of Accounts for 2017/18. As such, this report relates to the Council's financial health and financial standing rather than to specific policies or outcomes.

5. Financial Implications

5.1 There are no specific financial implications associated with this report.

6. Legal Implications

6.1 There are no legal implications associated with this report.

7. Staffing and other resource implications

7.1 There are no staffing or other resource implications associated with this report.

8. Equality and Diversity implications

8.1 There are no equality and diversity or other resource implications associated with this report.

9. List of appendices

9.1 **Appendix A** – Annual Audit Letter for the year ending 31 March 2018.

10. List of Background Papers

10.1 Not applicable for this report.