

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	AUDIT COMMITTEE
Report of:	Interim Chief Finance Officer
Date of Decision:	26 January 2021
Subject:	ANNUAL AUDIT LETTER
Wards affected: All	
1 Purpose	
1.1	Each year, the Council's external auditor, Grant Thornton UK LLP (Grant Thornton), is required to produce an Annual Audit Letter. This letter will be circulated to all members of the Council following this meeting.
1.2	Members are asked to consider the Annual Audit Letter and note the conclusions of the external auditor
2 Decisions recommended:	
2.1	To receive and consider the Annual Audit Letter, attached as appendix 1 to this report.

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3 Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?:
The coverage of the Annual Audit Letter and actions highlighted in this report are consistent with the policy framework and budget. The preparation and approval of the Annual Audit Letter are statutory requirements.
- 3.2 Relevant Ward and other Members/Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
The work of the external auditors is governed by the Code of Practice issued by the National Audit Office in accordance with the Local Audit and Accountability Act 2014. The Code identifies the Annual Audit Letter as one of the means by which the auditor will discharge its responsibilities. The Annual Audit Letter is concerned with the Council's management of all of its resources.
- 3.4 Will decisions be carried out within existing finances and resources?
Yes
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
These are set out in the Annual Audit Letter, which emphasises areas where the external auditor feels significant risks to the Council exist.

4 Relevant background/chronology of key events:

- 4.1 The Annual Audit Letter is the statutory report by the Council's external auditor, Grant Thornton, of its activities for the year. The Annual Audit Letter covers the external audit of the Council's financial affairs, the Council's financial standing, value for money and overall performance. A copy of the Annual Audit Letter to Members is attached as appendix 1 to this report.
- 4.2 The Annual Audit Letter includes the findings of the external auditor in respect of the financial statements and value for money considerations.
- 4.3 The financial statements received an unqualified audit opinion but included an emphasis of matter paragraph in respect of the uncertainty over valuations of the Council's land and buildings and the property assets of the pension fund given the Coronavirus pandemic.

4.4 The external auditor gave a qualified conclusion in respect of two risks considered in respect of value for money. These qualifications, which have been considered previously by this Committee as part of the Audit Findings Report provided to members at its meeting on 25 November 2020, related to risks related to:

- Financial Impact of the Commonwealth Games
- Contractual Arrangements relating to the Highways PFI scheme

Signature:

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Rebecca Hellard – Interim Chief Finance Officer

Appendix 1, The Annual Audit Letter for Birmingham City Council – Year ended 31 March 2020