

# BIRMINGHAM CITY COUNCIL

## PUBLIC REPORT

**Report to:** CABINET

*Exempt  
information  
paragraph  
number – if  
private report:*

**Report of:** Interim Chief Finance Officer  
**Date of Decision:** 12 December 2017  
**SUBJECT:** ANNUAL AUDIT LETTER 2016/17

**Key Decision:** No  
**If not in the Forward Plan:**  
(please "X" box)  
**Relevant Cabinet Member(s) or  
Relevant Executive Member:**  
**Relevant O&S Chair:**

**Relevant Forward Plan Ref:**

Chief Executive approved ☐

O&S Chair approved ☐

Councillor Ian Ward

**Councillor Mohammed Aikhlaq, Corporate Resources  
and Governance**

**Wards affected:**

### 1. Purpose of report:

1.1 Each year the Council's external auditor, Grant Thornton UK LLP (Grant Thornton), is required to produce an Annual Audit Letter. As in previous years, this letter will be circulated to all members of the Council. The letter summarises the main outcomes of the external audit work undertaken by Grant Thornton for the 2016/17 financial year.

### 2. Decision(s) recommended:

That Cabinet:-

2.1.Receives the Annual Audit Letter (Appendix 1 to this report)

2.2.Notes that the Annual Audit Letter will be copied to all Members of the Council and agrees that this report is circulated with it.

**Lead Contact Officer(s):**

Martin Stevens

**Telephone No:**

0121 303 4667

**E-mail address:**

[Martin.stevens@birmingham.gov.uk](mailto:Martin.stevens@birmingham.gov.uk)

### **3. Consultation**

Consultation should include those that have an interest in the decisions recommended

#### **3.1 Internal**

The draft Annual Audit Letter was circulated to the Leader, Chief Executive, Corporate Directors, senior finance officers and lead officers in areas specifically mentioned in the Letter. The Letter was reported to Audit Committee as “those charged with governance” on 21 November 2017.

#### **3.2 External**

The Letter is a statutory report to the Council and external consultation is not necessary prior to its publication.

### **4. Compliance Issues:**

#### **4.1 Are the recommended decisions consistent with the Council’s policies, plans and strategies?**

4.1.1 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 Letter are statutory requirements.

#### **4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)**

4.2.1 The Annual Audit Letter includes the external auditor’s assessment of the financial resilience of the Council. There are no financial commitments arising from this report.

#### **4.3 Legal Implications**

4.3.1 The work of the external auditor 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 external auditor will discharge its responsibilities. The Annual Audit Letter is concerned with the Council’s management of all of its resources. Implications for finance, people, property and IT are set out in the body of the letter.

#### **4.4 Public Sector Equality Duty**

4.4.1 The Annual Audit Letter is a statutory requirement. There are no equality issues resulting from this report.

### **5. Relevant background/chronology of key events:**

5.1 The Annual Audit Letter is the statutory report by Grant Thornton on its activities in the Council for the financial year 2016/17. It covers the external audit of the Council’s financial affairs and comments on the financial standing and operational performance of the Council. The External Auditor will be present at the meeting to answer any questions that Members may wish to raise on the contents of the Letter.

5.2 The Annual Audit Letter is similar in content to the Audit Findings Report (AFR) that was presented to Audit Committee, along with the Statement of Accounts, at its meeting on 26 September 2017. The Annual Audit Letter has, however, been updated for events as a result of the passage of time and excludes details on amendments to the financial statements and the recommendations made by the external auditor following their audit of the Statement of Accounts. Management responses to the recommendations were considered by Audit Committee at its meeting on 21 November 2017.

**6. Evaluation of alternative option(s):**

6.1 The Council is required by statute to receive and circulate the Annual Audit Letter.

**7. Reasons for Decision(s):**

7.1 To meet statutory requirements and to ensure appropriate action is taken to respond to Grant Thornton’s findings.

<b>Signatures</b>	<b><u>Date</u></b>	
<del>Deputy</del> Deputy Leader	.....	.....
Interim Chief Finance Officer	.....	.....

**List of Background Documents used to compile this Report:**

**List of Appendices accompanying this Report:**

1. Annual Audit Letter