

## **BIRMINGHAM CITY COUNCIL**

### **PUBLIC REPORT**

**Report to: AUDIT COMMITTEE**

**Report of: Director of Finance**

**Date of Meeting: 24<sup>th</sup> November 2015**

**Subject: ANNUAL AUDIT LETTER**

**Wards Affected: All**

#### **1. Purpose of Report**

1.1. Each year, the Council's auditors, Grant Thornton, are required to produce an Annual Audit Letter. This letter must be circulated to all Members of the Council. This Letter will be formally considered by Cabinet on 8 December 2015.

1.2. The timescales that the Audit Findings Report were produced to in September precluded a detailed response to the recommendations made by the auditor in that report. These are now concluded and submitted for review and approval.

#### **2. Recommendation**

2.1. To receive the Audit Letter (Appendix 1 to this report).

2.2. To approve the management responses to recommendations in the Audit Findings report issued at the end of September 2015 (Appendix 2)

#### **Contact Officers:**

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### **3. Compliance Issues**

3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies:

The coverage of the 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.

3.2 Relevant Ward and other Members /Officers etc. consulted on this matter:

The Chairman 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 Audit Commission in accordance with the Audit Commission Act 1998 and the Local Government Act 1999. The Code identifies the Annual Audit Letter as one of the means by which the auditor will discharge their 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.

3.4 Will decision(s) 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 Letter, which emphasises areas where Grant Thornton feel significant risks to the Council exist.

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

4.1. The Annual Audit Letter is the statutory report by Grant Thornton of its activities in Birmingham for the year. It 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 Letter to Members is attached to this report as Appendix 1. It should be noted that there are fewer recommendations than in previous years.

4.2. The Audit Findings Report was approved by the Audit Committee on 29<sup>th</sup> September 2015. At that stage, there had been no time to consider the management responses to recommendations. They are included here for approval as Appendix 2.

### **5 Recommendations**

5.1 To receive the Annual Audit Letter (Appendix 1 to this report).

- 5.2 To approve the management responses to the recommendations in the Audit Findings Report (Appendix 2)

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**Jon Warlow – Director of Finance**