

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	AUDIT COMMITTEE
Report of:	Interim Chief Finance Officer
Date of Decision:	21 November 2017
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 must be circulated to all members of the Council. This Letter will be considered formally by Cabinet on 12 December 2017.
1.2	The external auditor provided a copy of his Audit Findings Report in respect of the 2016/17 Statement of Accounts to Audit Committee at its meeting on 26 September 2017. The timescale that the Audit Findings Report was produced to in September precluded a detailed response to the recommendations made by the external auditor in that report. These are now concluded and submitted for review and approval.
2 Decisions recommended:	
2.1	To receive the Annual Audit Letter, attached as appendix 1 to this report.
2.2	To approve the management responses, attached as appendix 2, to the recommendations set out in the Audit Findings Report issued in September 2017.

Contact Officer: Mike O'Donnell
Telephone No: 0121 303 2950
E-mail address: mike.o'donnell@birmingham.gov.uk

Contact Officer: Martin Stevens
Telephone No: 0121 303 4667
E-mail address: martin.stevens@birmingham.gov.uk

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. Implications for finance, people, property and IT are set out in the body of the letter.
- 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 Audit Findings Report was considered by this committee on 26 September 2017. At the time of reporting to this committee, there had been no time to consider the management responses to the recommendations set out in the Audit Findings Report. These are now included as appendix 2 to this report for approval.

Signature:

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Mike O'Donnell – Interim Chief Finance Officer