

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	External Auditor ISA 260 Report – Implementation of Recommendations
Meeting/Date:	Corporate Governance Committee – 22 March 2017
Executive Portfolio:	Resources: Councillor J A Gray
Report by:	Head of Resources
Ward(s) affected:	All Wards

Executive Summary:

At the conclusion of each year's audit work the external auditor issues an Annual Audit Letter, which details their findings and recommendations made along with an indication of the audit fee due. This Letter was submitted and discussed at this Committee on 7 December 2016 which identified 2 control themes and observations. This report explains these 2 control themes and observations and what the Council has done to address these.

Recommendation(s):

The Committee is requested to note and comment as necessary on how the Council has addressed the identified 2 control themes and observations.

1. WHAT IS THIS REPORT ABOUT

- 1.1 At the conclusion of each year's audit work the external auditor issues an Annual Audit Letter, which details their findings and recommendations made along with an indication of the audit fee due. This Letter was submitted and discussed at this Committee on 7 December 2016 which identified 2 control themes and observations.

2. WHY IS THIS REPORT NECESSARY

- 2.1 The Committee is designated as "those charged with governance". This report provides the update on the External Auditors reporting of the 2 control themes and observations.

3. ANALYSIS

- 3.1 The Control Themes and Observations highlighted in the Auditor Annual Letter were:

- **Bank Account statements** – the general ledger codes relating to the income bank account statements did not reconcile to the relevant bank statements.
- **Fixed Assets** – the total revaluation figure provided by the external valuer was not reconciled to the Council's Fixed Asset Register.

4. WHAT ACTIONS WILL BE TAKEN

- 4.1 The 2 Control Themes and Observations highlighted in 3.1 have been addressed, The details are shown below:

- **Bank Account statements** - reconciliations have now been fully completed and reconciled, The reconciliations are processed on a timely manner and within 30 days after each month end. However, this timeline has not been reached for January due to staff resource but will be completed by 15 March 2017.
- **Fixed Assets** – the closing of accounts process for year end revaluation figures in the accounts will be more robust in future, with additional checks put in place.

5. LINK TO THE CORPORATE PLAN

- 5.1 The Annual Financial Report is a statutory and legal requirement and links into the Corporate Plan by "Ensuring we are a customer focused and service led council delivering value for money services - Become more business-like and efficient in the way we deliver services".

6. LEGAL IMPLICATIONS

- 6.1 The purpose of this report is to satisfy procedural and legal requirements in connection with Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies.

7. RESOURCE IMPLICATIONS

- 7.1 The annual external audit fee is included within the 2016/17 budget. Any scale fee variation can be found within the existing budgets.

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 The Annual Audit Letter concluded the annual audit process and it is good governance to inform the Committee charged with Governance an update on the External Auditor's 2 Control Themes and Observations highlighted and how the Council has addressed these.

9. LIST OF APPENDICES INCLUDED


None

BACKGROUND PAPERS

Working papers are held in Resources

CONTACT OFFICER

Adrian Forth, Finance Manager

 01480 388605