

Audit Committee – 24 September 2018

Annual Audit Letter for the year ending 31 March 2018

1. Summary of report

This report presents Ernst & Young's Annual Audit Letter 2017/18. It summarises the key issues arising from the work the external auditors have carried out at Walsall during 2017/18. The letter is designed to communicate key messages and conclusions to the council and external stakeholders, including members of the public. The letter covers the following work areas:

- Auditing the 2017/18 year end accounts and
- Assessing the council's arrangements for securing economy, efficiency and effectiveness to ensure Value for Money (VFM) is achieved.

2. Recommendations

- 2.1 Audit Committee are requested to formally consider and receive Ernst & Young's Annual Audit Letter for 2017/18 (Appendix 1).

3. Governance

- 3.1 The Annual Audit Letter summarises the key work areas and audit conclusions arising during 2017/18 to assist the council in maintaining strong governance arrangements.
- 3.2 An unqualified audit opinion was issued and that the financial statements give a true and fair view of the financial position of the council as at 31 March 2018 and of its expenditure and income for the year.
- 3.3 Ernst & Young concluded that the council has put in place proper arrangements to secure value for money in the use of resources. They advised that, looking forward, the challenge for the Council remains significant with £43 million of savings required during the period 2018-19 to 2021. The Council is currently working on a Transformation Programme to secure sustainable and resilient service delivery to meet future needs and to deliver the required medium term savings. Action will be required by Members of the Council to ensure the objectives of the Transformation programme are delivered or if relevant mitigating plans are developed.
- 3.4 Regular assessments of the financial risks in relation to valuations of the West Midlands Pension Fund and the Council's investment in Birmingham Airport are undertaken, including any forecasted changes to the Birmingham Airport business plan for dividend income are incorporated into the medium term financial plan.
- 3.5 International Financial Reporting Standard 9 (IFRS) Financial Instruments and IFRS 15 Revenue from Contracts with Customers will be introduced into Local Government accounts from 1 April 2018, and IFRS 16 Leases from 1 April 2019. The council

awaits the full CIPFA Code of Practice on Local Authority Accounting Guidance Notes for 2018/19 and the amended CIPFA Code of Practice on Local Authority Accounting for 2019/20 and one received, will review to ensure full compliance and that in relation to the new accounting standards set out above. Any required changes in accounting policy and/or judgements will be reported to Audit Committee in advance of Audit Committee for consideration and approval of the accounts.

4. Resource and Legal Considerations

4.1 None directly relating to this report.

5. Performance management and risk management issues

5.1 Performance and risk management is embedded in the final accounts process.

6. Equality implications

6.1 None directly associated with this report.

7. Consultation

7.1 The report is prepared in consultation with various managers.

8. Background Papers

8.1 Various financial reports



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