



**Audit & Governance Committee  
25 September 2017**

**Annual Audit Letter 2016/17**

**Purpose of the report:**

The Council's external auditors, Grant Thornton, are presenting their Annual Audit Letter in respect of the audit year 2016/17 (Annex 1). This report summarises the key messages and findings arising from the work carried out at the Council for the year ended 31 March 2017, including the findings detailed in the Grant Thornton Audit Findings report presented to the Audit & Governance Committee on 27 July 2017.

**Recommendations:**

The committee is asked to note the contents of the Annual Audit Letter (Annex 1)

**Introduction:**

1. The Annual Audit Letter summarises the key findings arising from the work carried out by Grant Thornton for the year ended 31 March 2017. It details:
  - the key messages arising from the external audit of the Council's 2016/17 financial statements
  - the key findings from Grant Thornton's work undertaken to reach a conclusion on the economy, efficiency and effectiveness in the Council's use of resources (the value for money conclusion).
2. The Annual Audit Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public.
3. A more detailed report outlining the detailed findings from the audit work to those charged with governance was included in the Audit Findings Report which was shared with this Committee on 27 July 2017 along with the report on Value for Money.

**Conclusions**

4. The Annual Audit Letter of the external auditors is attached at Annex 1 for consideration by this Committee.
5. The report confirms that in respect of the audit of the Surrey County Council 2016/17 financial statements:

- Grant Thornton issued an unqualified opinion on the Council's accounts, the group accounts and the pension fund accounts on 7 August 2017, well in advance of the 30 September 2017 national deadline.
  - The Council made the accounts available for audit in line with the agreed timetable, and provided a good set of working papers to support them.
6. The report confirms that in respect of the 2016/17 value for money conclusion:
- Grant Thornton issued a VfM conclusion for 2016/17 which was qualified on an 'except for' basis in respect of one matter. This a consequence of the Ofsted inspection judgement from June 2015 which concluded that children's services were inadequate. Ofsted has yet to publish a subsequent full inspection report and as such the judgement from June 2015 remains in place.
  - Grant Thornton concluded that they were satisfied that in all significant respects, except for the matter in respect of Ofsted, the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2017.
7. The report also confirms that Grant Thornton have:
- issued their audit findings report to the Audit and Governance Committee in relation to the Pension Fund Accounts,
  - reviewed the Council's Annual Governance Statement and Narrative Report.

### **Financial and value for money implications**

8. There are no direct financial and value for money implications of this report.

### **Equalities and Diversity Implications**

9. There are no direct equalities implications of this report.

### **Risk Management Implications**

10. There are no direct risk management implications of this report.

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