

Report to: **Cabinet**

Date: **11 December 2018**

By: **Chief Operating Officer**

Title of report: **Annual Audit Letter and fee update 2017/18**

Purpose of report: **To seek Cabinet's approval of the Annual Audit Letter and fee update for 2017/18.**

RECOMMENDATION – The Cabinet is recommended to approve the Annual Audit Letter and the fee update for 2017/18.

1. Background

1.1 The external audit fees for 2017/18 was £110,179 (County Council of £83,572 and the Pension Fund of £26,607) for the core audit in line with the planned fee. The grant certification work is still ongoing; the final fee will be confirmed upon the conclusion of this work, with costs of these additional services funded from existing budgets. In addition, the fees incurred by the Auditors for the work on the elector objections relating to 2016/17, are yet to be confirmed.

1.2 During the audit, KPMG were asked by some auditors of the Pension Fund's admitted and scheduled bodies to undertake an enhanced suite of testing, which they are required to complete under the terms of the Public Sector Audit Appointments (PSAA) contract. This fee will be agreed through the PSAA fee variation process, and the Pension Fund is able to recharge onto the admitted bodies to which the work relates.

2. Supporting Information

2.1 The Annual Audit Letter (AAL) attached as Appendix A summarises key issues arising from the work carried out during the year. This report contains no new findings or recommendations, and reflects issues already reported within the 2017/18 External Audit Report to the Governance Committee, including the objection from local elector, which is currently being finalised.

2.2 KPMG issued an unqualified opinion on the Council's financial statements on 30 July 2018. This means that KPMG believe the financial statements give a true and fair view of the financial position of the Council and of its expenditure and income for the year. The financial statements also include those of the East Sussex Pension Fund (ESPF).

2.3 The AAL has been circulated to all Councillors, published on the Council's website, and was presented to the Audit Committee on 22 November 2018 for consideration.

3. Appointment of External Auditor from the Financial Year 2018/19

3.1 The Council contract with the KPMG has ended following the audit of 2017/18 Statement of Accounts and the Council would like to extend its thanks to KPMG for their support during the 2017/18 audit.

3.2 For the financial year 2018/19, the Council has used the PSAA to source the appointment of Grant Thornton LLP to audit the Council and ESPF accounts from 2018/19 to 2022/23. This appointment was made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, and approved by the PSAA Board.

4. Conclusion and reasons for recommendations

4.1 The Cabinet is recommended to approve the Annual Audit Letter and the fee update for 2017/18.

KEVIN FOSTER
Chief Operating Officer

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

1. 2017/18 Independent Auditor's (KPMG) Annual Governance Report on ESCC Accounts and Value for Money conclusion report
2. 2017/18 Independent Auditor's (KPMG) Annual Governance Report on Pension Fund Accounts