

Audit Committee

Item No.....

Report title:	External Auditor's Annual Audit Letter 2015-16 and Audit Committee Briefings
Date of meeting:	26 January 2017
Responsible Chief Officer:	Executive Director, Finance and Commercial Services

Strategic impact

The Audit Committee consider the work of the Council's External Auditors in accordance with their terms of reference, which are part of the [Council's Constitution, part 4.1 \(4.4\)](#). (page 11) being:

F. External Audit

1. Consider reports of external audit and other inspection agencies.
2. Ensure there are effective relationships between external audit and internal audit.

Executive summary

The purpose of this report is to introduce the External Auditor's Annual Audit Letter 2015-16, which is attached as **Appendix A**. This letter is one of certain communications that EY must provide to the Audit Committee of the audited client. The Pensions Committee will receive a separate letter for their approval. This letter has been published on the [Council's website](#)

There is one topic in the report (at page 11) which has required follow up action. As reported to 22 September 2016 Audit Committee, there were two material adjustments made to the financial statements, primarily within the Property Plant and Equipment note, and an additional audit fee of £3,463 charged [NB:- this fee is subject to confirmation].

Improvements for 2016-17 have been implemented to include a reduced volume of underlying data, fewer reconciling lines, and all the fixed asset reconciliations being brought into one concise spreadsheet as concerns were raised, in the letter, about the complexity of what have been long standing asset register reports and procedures. With 3,000 assets, fixed asset spreadsheets can be large by their nature. However, it is accepted that the format of reconciliations passed to the auditors can be improved and simplified going forward.

Our External Auditors publish Local Government Audit Committee Briefings and the latest briefings for Local Government/Fire and Rescue sector Audit Committee briefings are attached as **Appendices B and C**.

A representative from Ernst & Young LLP ("EY") will attend the meeting and answer members' questions.

Members are recommended to consider:

- the External Auditor's Audit Letter 2015-16
- the key messages in the briefings

1. Introduction

This Annual Audit letter (Appendix A) is one of certain communications that EY must provide to the Audit Committee of the audited client (at page 15 of their plan). This letter complements the External Auditor's Annual Results Report for 2015-16 reported to this Committee on 22 September 2016.

2. Evidence

The External Auditor's Annual Audit Letter for 2015-16 is attached as **Appendix A** to this report. Briefing notes for the Committee are attached at **Appendices B and C**.

3. Financial Implications

There are no specific financial implications other than those noted above.

4. Issues, risks and innovation

Risk implications

- 4.1 Apart from those listed in the report, there are no other implications to take into account.

5. Background

- 5.1 The Council's Financial Statements cover several reporting entities making up the Council's group accounts. Each entity has an audit plan for the financial year and these are provided by different auditors

Entity	Auditor
Norfolk County Council	EY
Norfolk Pension Fund	EY
Norse Group	PwC
Independence Matters	EY
<i>Not consolidated on basis of materiality:</i>	
<i>Hethel Innovation Limited</i>	<i>Small Companies Exemption from Audit –</i>
<i>Great Yarmouth Development Co. Ltd</i>	<i>Companies Act 2006 (part 476 and 477)</i>
<i>Norfolk Energy Futures Ltd</i>	
<i>Norfolk Safety CIC</i>	

Officer Contact

If you have any questions about the matters contained in this paper please get in touch with:

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