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Councillor Peter Fox
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Reference	MCC/AMH
Date	23/11/2015
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Dear Councillor Fox

Annual Audit Letter – Monmouthshire County Council 2014-15

This letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

The Council compiled with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 29 September 2015, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee and full Council in my Audit of Financial Statements report on 23 and 24 September 2015 respectively.

We reported that a number of amendments were made to the draft financial statements and that there were also several uncorrected misstatements in the financial statements which were not material and were therefore not adjusted for. A more detailed report covering these matters, and some additional issues identified during our audit together with our recommendations, will be presented to the Council's Audit Committee in December.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work we have undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. My recently published Annual Improvement Report, which incorporates the Corporate Assessment Report, highlights areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.

The Council continues to face significant financial challenges and we are currently completing a review of the Council's financial resilience. Similar work is being undertaken at all other local government bodies in Wales and it follows up work carried out in 2014-15. A report will be issued to the Council later in the year.

I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2015

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2015-16 accounts or key financial systems

Our grants certification audit work for 2014-15 at the Council is not yet fully complete. However we have not identified any significant issues to date that I need to communicate

to you within this letter. A detailed report on my grant certification work will follow in February 2016 once this year's work is complete.

The financial audit fee for 2014-15 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline

Under the requirements of the Public Audit (Wales) Act 2013 we are required to ensure that our fees do not recover any more than the full cost of an audit. In our Annual Audit Outline, we estimated that our fee for audit of the 2014-15 financial statements would be £176,068, and we are comfortable that our actual fee will not exceed this amount. We will notify you separately should any refund be due to the Council once the final cost of the audit has been calculated in early 2016.

Yours sincerely

Ann-Marie Harkin
For and on behalf of the Auditor General for Wales

cc Mr Paul Matthews, Chief Executive
Mrs Joy Robson, Head of Finance