

Archwilydd Cyffredinol Cymru Auditor General for Wales

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Mr Chris Burns
Chief Executive
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Pages	1 of 2

Dear Mr Burns

Annual Audit Letter – Caerphilly County Borough Council 2016-17

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

The Council complied 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 us 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 we 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 3 August 2017 we 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. Our report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in our Audit of Financial Statements report on the 25 July 2017.

- The Council continues to demonstrate effective arrangements in the preparation of its financial statements, enabling us to conclude our audit on 31 July 2017, significantly ahead of the statutory deadline of 30 September. The Council has continued to provide good quality draft financial statements and accompanying working papers for audit. These were available for us to commence our audit fieldwork in line with the agreed timetable.
- One misstatement of £629,000 remained uncorrected at the conclusion of the audit. This was communicated to officers and those charged with governance and has been subsequently corrected in the 2017-18 financial year.
- There were a number of misstatements that were corrected by management. These were mainly disclosure in nature, principally relating to the Expenditure and Funding analysis note and the financial instruments note. All disclosure corrections were processed with no effect on the Council's reported outturn position.
- We identified seven recommendations in relation to the Annual Governance Statement, internal journal controls and depreciation, the latter of which was also reported last year.

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

Our consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

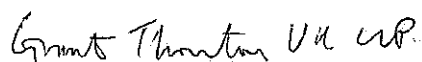
We issued a certificate confirming that the audit of the accounts was completed on 3 August 2017.

Our work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2016-17 accounts or key financial systems.

A more detailed report on our grant certification work will follow in January 2018 once this year's programme of certification work is complete.

The financial audit fee for 2016-17 is currently expected to be in line with the agreed fee set out in the Annual Audit Plan.

Yours sincerely



Grant Thornton UK LLP
For and on behalf of the Auditor General for Wales