

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSEX COUNTY COUNCIL

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2018 issued on 31 July 2018 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of Essex County Council and Group as at 31 March 2018 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Issue of audit opinion on the pension fund financial statements

In our audit report for the year ended 31 March 2018 issued on 31 July 2018 we reported that, in our opinion the pension fund's financial statements:

- gave a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2018 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2018; and
- had been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Issue of qualified value for money conclusion

In our audit report for the year ended 31 March 2018 issued on 31 July 2018 we reported a qualified value for money conclusion in the following terms:

Basis for Qualified Conclusion

Medium Term Financial Planning

The Authority has disclosed in the 'Organisational Plan 2018/19' p31 (published in January 2018) that the estimated total savings still to find over the medium term period is £127m (£35 million in 2019/20, increasing to £92 million by 2020/21). Since then, as in previous years, the Authority has been working to identify savings and income generating opportunities to bridge the gap.

In our view, at 31 March 2018, the Authority had not made sufficient progress in identifying the savings required to demonstrate its ability to secure a stable financial position over the medium term. Unless the budget gap forecast in the Medium Term Financial Strategy is closed, the Authority will have spent substantially all of its usable revenue reserves by the end of 2020/21.

The issues above are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Qualified conclusion

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Essex County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Certificate

In our report dated 31 July 2018, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work.

No matters have come to our attention since that date that would have a material impact on the financial statements on which I gave an unqualified opinion or a significant impact on our conclusion on the authority's arrangements for securing economy, efficiency and effectiveness.

We certify that we have completed the audit of the accounts of Essex County Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



*Janet Dawson (Partner)
Ernst & Young LLP (Local Auditor)
London
21 August 2018*

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