

Taunton Deane Borough Council

Corporate Governance Committee 8 December 2014

Annual Audit Letter 2013/14

Report of the Assistant Director – Corporate Services (Richard Sealy)

This matter is the responsibility of the Leader of the Council, Cllr John Williams

1. Executive Summary

This report introduces the Annual Audit Letter for 2013/14, which has been prepared by our external auditors, Grant Thornton. The letter is set out in Appendix A.

The report summarises the findings from the external auditors work in respect of the 2013/14 financial year and confirms the issue of unqualified opinions in relation to our accounts and value for money arrangements.

2. Background

2.1 Each year our external auditor, Grant Thornton, is required to make arrangements for the production of an audit letter for each local authority. The letter covers the follows:

- i) A conclusion on the Statement of Accounts and Annual Governance Statement; and
- ii) A conclusion on Value for Money, the focus being on financial resilience.

3. Financial Issues/Comments

3.1 The letter confirms, as previously reported to the 22 September 2014 Corporate Governance Committee that the external auditors have issued an unqualified opinion in regard to the Council's statement of accounts and value for money arrangements.

3.2 The letter also provides a progress update in relation to the certification of grant claims work being undertaken by the external auditors.

3.3 The audit fees for 2013/14 were £67,505, which was slightly higher (£900) than originally anticipated.

3.4 The external auditors have made a recommendation in relation to property, plant and equipment revaluation, which is being progressed by the Property Service.

4. Legal Comments

4.1 There are no legal implications from this report.

5. Links to Corporate Aims

5.1 There are no direct implications.

6. Environmental Implications

6.1 There are no direct implications.

7. Community Safety Implications

7.1 There are no direct implications.

8. Equalities Impact

8.1 There are no direct implications.

9. Risk Management

9.1 Any risks identified will feed into the corporate risk management process.

10. Partnership Implications

10.1 There are no direct implications.

11. Recommendations

Members are requested to note the Annual Audit Letter for 2013/14.

Contact: Richard Sealy
Assistant Director for Corporate Services
(01823) 358690
Ext: 2769
r.sealy@tauntondeane.gov.uk

Appendix A – Grant Thornton External Audit - Annual Audit Letter for 2013/14



The Annual Audit Letter for Taunton Deane Borough Council

Year ended 31 March 2014

3 October 2014

Peter A Barber

Director

T 0117 305 7897

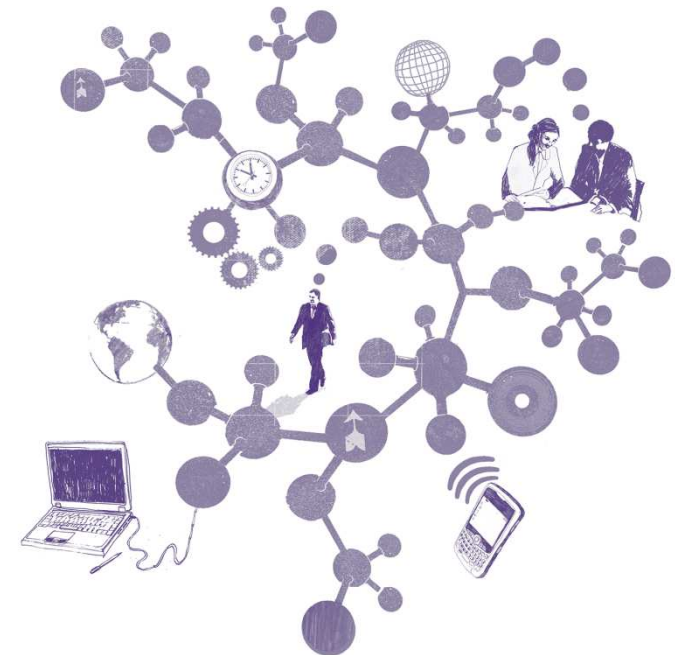
E peter.a.barber@uk.gt.com

Ashley J Allen

Manager

T 0117 305 7629

E ashley.j.allen@uk.gt.com



Contents

Section	Page
1. Key messages	3
Appendices	
A Key issues and recommendations	5
B Summary of reports and audit fees	6

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Taunton Deane Borough Council ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued 19 May 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Financial statements audit (including audit opinion)	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 22 September 2014 to the Corporate Governance Committee. The key messages reported were:</p> <ul style="list-style-type: none">• no material errors were found during the course of our audit in the draft accounts presented for audit;• the accounts were produced to a good standard; and• we received prompt responses to our audit queries. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 29 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2013/14 on 29 September 2014.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.</p>

Key messages

Whole of Government Accounts	The Council was below the £350 million audit threshold set by the National Audit Office (NAO) for Whole of Government Accounts and therefore a full review of the consolidation pack was not required. We confirmed the disclosure of excluded items to the NAO by the 3 October deadline.
Certification of grant claims and returns	We are required to certify two grant claims and returns. Our work with regard to the 'Pooling of Housing Capital Receipts' is complete and was certified with no amendment or qualification. Our work on the certification of the Housing Benefits claim is on-going and the key messages from our certification work will be reported in our certification report due to be issued on completion of work on this claim.
Audit fee	Our fee for 2013/14 for the main audit was £67,505, excluding VAT, which was an increase of £900 over the fee reported in our audit plan. This increase was in respect of work on material business rates balances. This work was previously carried out as part of the certification work for the national non domestic rates return and the fee was included within the certification fee in prior years. Further detail is included within Appendix B.

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Priority	Management response/ responsible officer/ due date
1.	<p>The rolling property, plant and equipment revaluation programme does not meet the Code's requirement in paragraph 4.1.2.35 to value items within a class of property, plant and equipment simultaneously.</p> <p>Recommendation: The Council should ensure that all assets within the same class are valued within the same financial year to meet the Code's requirements for revaluing of Property, Plant and Equipment in paragraph 4.1.2.35.</p>	Significant deficiency	<p>Recommendation accepted and the valuation process will be updated to reflect latest requirements. The approach will be discussed with auditors in advance of year end.</p> <p>Responsible officer: Finance Manager and Property Manager Due date: January 2015</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and provision of non-audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	66,605	*67,505
Grant certification fee	15,606	**15,606
Total fees	82,211	83,111

*There is additional fee of £900 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for district councils and has been approved by the Audit Commission.

**The indicative fee published by the Audit Commission for grant certification work required in 2013/14 for the Council is £15,606. As the work has not yet been completed on the grant certifications, we therefore cannot confirm the final fee.

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan	19 May 2014
Audit Findings Report	12 September 2014
Certification report	Planned for November 2014
Annual Audit Letter	3 October 2014



© 2014 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk