



**The Annual Audit Letter
for Torridge District Council**

Year ended 31 March 2013

24 September 2013

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Director

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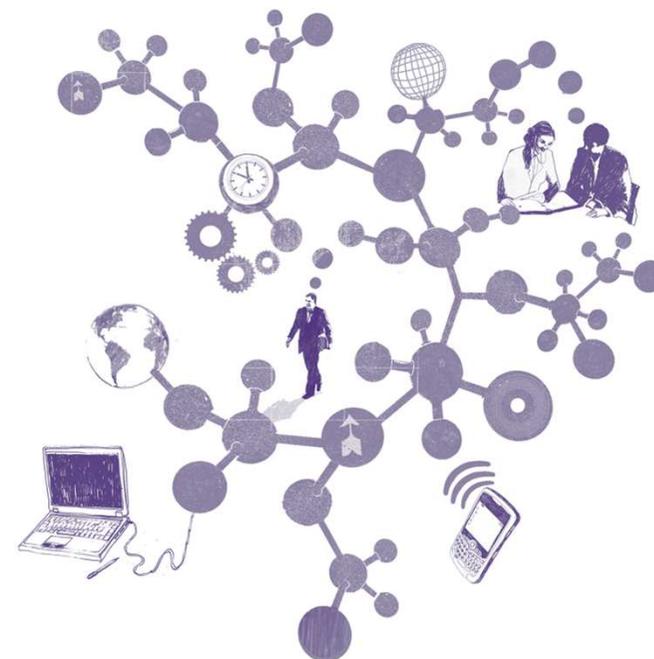
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Section 1: Executive summary

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Executive summary

Purpose of this Letter

Our Annual Audit Letter ('Letter') summarises the key findings arising from the following work that we have carried out at Torridge District Council ('the Council') for the year ended 31 March 2013:

- auditing the 2012/13 accounts and Whole of Government Accounts submission (Section two)
- assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (Section three)
- certification of grant claims and returns (Section four).

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 24 September 2013.

Responsibilities of the external auditors and the Council

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

The Council is responsible for preparing and publishing its accounts, accompanied by an Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (Value for Money).

Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 12 March 2013 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Audit conclusions

The audit conclusions which we have provided in relation to 2012/13 are as follows:

- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year
- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources
- an unqualified opinion on the council's Whole of Government Accounts submission
- we will report on the certification of the Council's grant claims and returns in our annual report later this year.

We identified one adjustments affecting the Council's reported financial position This related to omission of a revaluation of the memorial hall, the accounts were adjusted.

Key areas for Council attention

Resourcing in the Internal audit function and the finance team is reducing. Although the Council has plans to address these issues, they remain risks to the Council going forward.

Following a critical Internal Audit report, the Council should continue to improve its arrangements for risk management.

Along with most Council's the Council's funding is decreasing. The Council should continue to consider opportunities for reducing its costs through alternative ways of service delivery.

Acknowledgements

This Letter has been agreed with the Head of Paid Service and was presented to Audit and Governance Committee on 24 September 2013.

We would like record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
September 2013

Section 2: Audit of the accounts

01. Executive summary

02. Audit of the accounts

03. Value for Money

Audit of the accounts

Audit of the accounts

The key findings of our audit of the accounts are summarised below:

Preparation of the accounts

The Council presented us with draft accounts by 30 June 2013 in accordance with the national deadline. Appropriate working papers were made available from the start of the audit fieldwork, which commenced 1 July 2013.

Issues arising from the audit of the accounts

We issued an unqualified opinion on the financial statements.

We identified one adjustments affecting the Council's reported financial position and this was adjusted by officers.

The key messages arising from our audit of the Committee's financial statements are:

- they continue to be prepared to a good standard; and
- finance staff continue to respond quickly to queries and requests for supporting information

Annual governance statement

The Council's Annual Governance Statement (AGS) complied with requirements of the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC) and contained the elements as prescribed in *Delivering Good Governance in Local Government: Framework*.

Conclusion

Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (defined as the Audit and Governance Committee at the Council). We presented our report to the Audit and Governance Committee on 24 September 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 24 September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Section 3: Value for Money

01. Executive summary

02. Audit of the accounts

03. Value for Money

Value for Money

Scope of work

The Code describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we have given an unqualified VFM conclusion.

The Council has proper arrangements in place for securing financial resilience. The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- financial governance
- financial planning
- financial control.

Our overall conclusion is that the Council's financial standing is sound. This supports its achievement of long-term objectives and priorities. The Council has a track record of operating within its budget while maintaining good service performance and the 2012/13 savings were achieved.

The Council has a strategic forward-looking financial plan, and is able to show that it recognises its current financial position, and is taking early actions to reduce the impact of a financial squeeze.

Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether the organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity. We have concluded that the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Overall VFM conclusion

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 2013.

Appendices

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit.

Fees

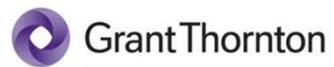
	£
Council audit	54,150
Grant certification	7,850
Total	62,000

Fees for other services

Service	Fees £
Embedding Risk Management	2,000

Reports issued

Report	Date issued
Audit Plan	26 March 2013
Audit Findings Report	24 September 2013
Certification report	To follow
VfM – Financial Resilience Report	24 September 2013
Annual Audit Letter	24 September 2013



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