

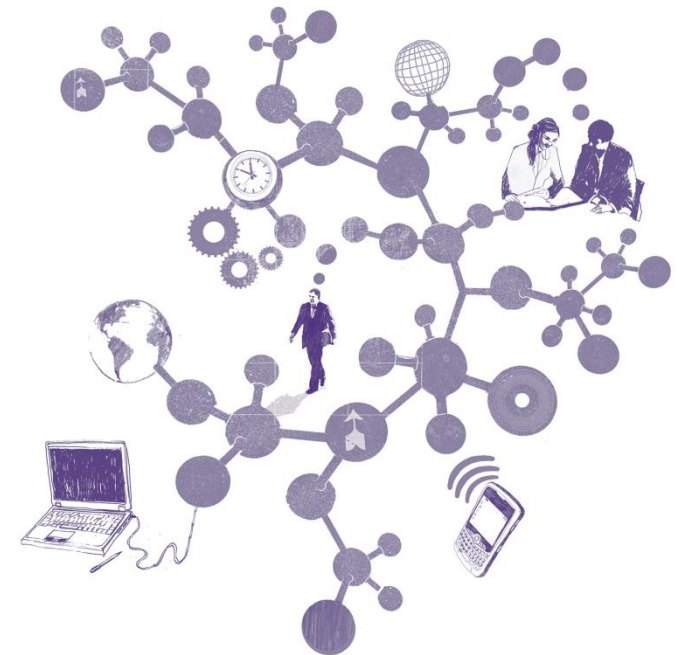
The Annual Audit Letter for Torridge District Council

Year ended 31 March 2014

28 October 2014

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Contents

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

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Torridge District 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 on 22 April 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 23 September 2014 to the Audit and Governance Committee. As a result of the audit, the Council amended the non domestic rates provision for appeals from a bad debt to a provision. We identified some misclassifications and disclosure changes but did not identify any adjustments affecting the Council's reported financial position. The key messages reported were:</p> <ul style="list-style-type: none">• A review of the valuation of assets not included in each year's cyclical review should be undertaken to ensure that the carrying value is materially correct at the balance sheet date.• Finance staff have generally responded quickly to queries and requests for supporting information. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 25 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 25 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	<p>We were not required to carry out a full review of the WGA pack as the Council fell below the threshold set by the National Audit Office (NAO). We reported that :</p> <ul style="list-style-type: none">• PPE - Other Land and Buildings have been included in total within Buildings in the WGA pack and have not been shown separately. This is consistent with the statutory accounts.• Pension Liability - Discount rate for unfunded schemes as per Note 35 of the statutory accounts is 0%; in the WGA pack it is 4.4%
Certification of grant claims and returns	<p>In 2013/14 we were only required to audit the Housing Benefit and Council Tax Benefit Subsidy claim. Our work in this area is still in progress and has a reporting deadline of 30 November 2014.</p>
Audit fee	<p>Our fee for 2013/14 was £54,150, excluding VAT which was in line with our planned fee for the year and was the same fee as in the previous year. A fee variation is currently being agreed with the Audit Commission to account for the increased work required as part of the final accounts audit as a result of the national non domestic rates grant claim not requiring an audit in 2013/14. Further details are included within Appendix B.</p>

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 Council's valuer had not carried out a review of the valuation of PPE assets not revalued in the year to establish if the carrying value was materially correct at the balance sheet date. This work was still in progress at the time of writing the Audit Findings Report but was successfully resolved at the date of the Audit and Governance Committee meeting on 23 September 2014.</p> <p>Recommendation The Council's must ensure that its valuer carries out a review of the valuation of PPE assets not revalued in the year to establish if the carrying value is materially correct at the balance sheet date. The Council must ensure that this review is carried out annually.</p>	High	<p>The Head of Finance, Chief Accountant and Property Manager have reviewed and consequently updated the arrangements and instructions for the District Valuer's work on providing asset valuations. This also included arrangements for ensuring other assets not valued during the year enable the Council to meet the requirements of the Code.</p> <p>Responsible officer: Nick Simcoe, Chief Accountant Due date: 31 March 2015</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	54,150	54,150
Additional fee – Business rates*	nil	900
Grant certification fee**	7,128	7,128
Total fees	61,278	62,178

Fees for other services

Service	Fees £
None	Nil

- There is an 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, but still need to verify this balance as part of the audit of the financial statements. The additional fee is 50% of the average fee previously charged for NDR3 certifications for unitary councils and is subject to agreement by the Audit Commission.

** The Grant certification fee is indicative until the grant claim work is complete. The final fee will be notified in the Annual Certification Report later this year.

Reports issued

Report	Date issued
Audit Plan	April 2014
Audit Findings Report	September 2014
Certification report	December 2014
VfM – Financial Resilience Report	October 2014
Annual Audit Letter	October 2014



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