



Grant Thornton

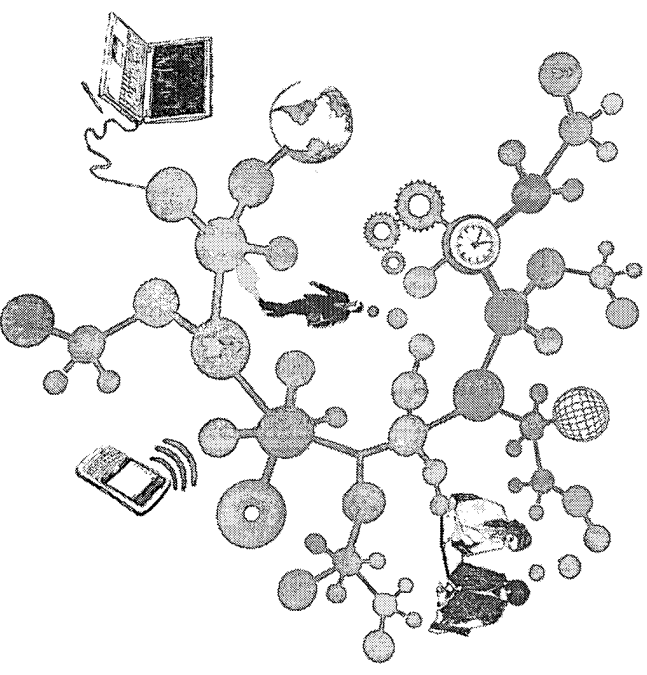
The Annual Audit Letter for Tewkesbury Borough Council

Year ended 31 March 2014

October 2014

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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Tewkesbury 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 16 June 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.

<p>Financial statements audit (including audit opinion)</p>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 24 September to the Audit Committee. The key messages reported were:</p> <ul style="list-style-type: none"> • the accounts contained only a small number of errors, the majority of which were adjusted by management • the working papers continued to be of a high quality • finance staff responded promptly to all 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 confirmed that the financial statements gave a true and fair view of the Council’s financial position and of the income and expenditure recorded by the Council.</p>
<p>Value for Money (VfM) conclusion</p>	<p>We also 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 were satisfied that, in all significant respects, the Council had 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	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.
Certification of grant claims and returns	We currently undertaking the certification work on the Housing Benefit Subsidy claim and will report any issues arising from this work in due course later in 2014.
Audit fee	Our fee for 2013/14 was £71,423 (excluding VAT) which was £900 more than the planned fee for the year. Further detail is included within Appendix B.

Appendix A: Key issues and recommendations

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

No.	Issue and recommendation	Priority	Management response/ responsible officer/ due date
1.	<p>In 2013/14, the Chief Financial Officer (Group Manager – Finance and Asset Management) had the ability to post journals. This is not good practice. We note though that, as a mitigating control, all journal entries over £10,000 posted by Chief Financial Officer (CFO) are reviewed by the Financial Controller.</p> <p>Recommendation: The CFO should not have the ability to post journals.</p>	High	<p>Management response - Agreed</p> <p>Responsible officer: - Corporate Accountant</p> <p>Due date: 30 September 2014</p>
2.	<p>For assets not valued in the year, insufficient assurance was initially provided by officers that Property, Plant and Equipment valuations held in the accounts remain materially correct.</p> <p>Recommendation: The Council needs to ensure arrangements are in place in future years to confirm that the carrying amount of Property, Plant and Equipment does not differ materially from the fair value at the balance sheet date.</p>	High	<p>Management response - Now that the new requirement and auditing needs are fully understood, the exact requirements can be built into the contract for valuation services which will be re-let later this year.</p> <p>Responsible officer: Finance Manager</p> <p>Due date: 31 March 2015</p>
3.	<p>Although the Council achieved an underspend in 2013/14, £349k of planned savings were not achieved due to a combination of delays in implementation and re-evaluation of savings plans in light of council priorities.</p> <p>Recommendation: The Council should continue to monitor progress against its savings plans in 2014/15 to ensure delivery.</p>	High	<p>Management response - The monitoring and reporting regime in place is good and is currently being assessed to further strengthen it. Monthly monitoring takes place in service areas and formal reporting is on a quarterly basis.</p> <p>Responsible officer: Budget holders</p> <p>Due date: Ongoing</p>

Appendix B: Reports issued and fees

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

Fees

	Per Audit plan £	Actual fees £
Audit Fee *	58,995	59,895
Grant certification fee **	11,528	11,528
Total fees	70,523	71,423

* **Fee Variations - business rates** - There is additional fee of £900 in respect of work on material business rates balances in the accounts. This additional work was necessary as auditors are no longer required to carry out work to certify NNDR3 claims. The additional fee is 50% of the average fee previously charged for NNDR3 certifications for a district council and is subject to agreement by the audit Commission.

** Our certification work is still on-going. The final fee will be reported to the Audit Committee later in the year as part of the annual certification report.

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan	June 2014
Audit Findings Report	September 2014
Certification letter	Work on-going
Annual Audit Letter	October 2014