

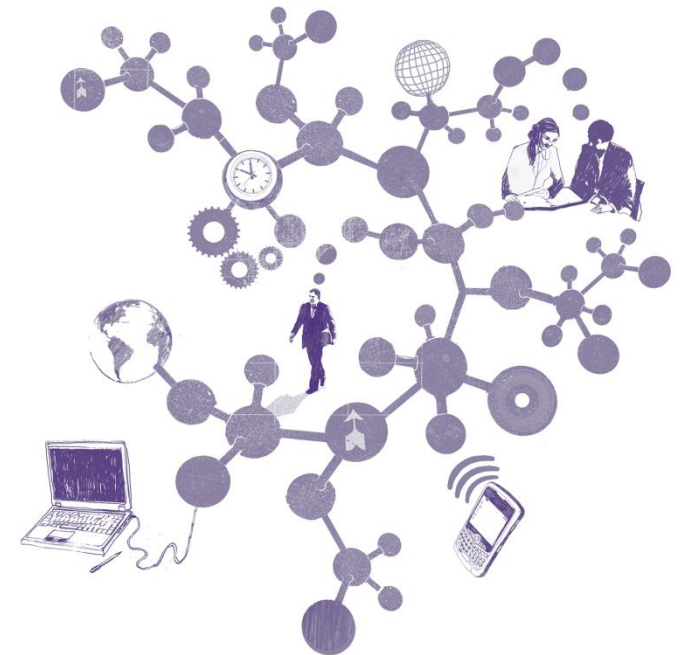
The Annual Audit Letter for Tewkesbury Borough Council

Year ended 31 March 2015

28 October 2015

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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 2015.

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 24 June 2015 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 and Public Sector Audit Appointments Limited.

| | |
|---|---|
| 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 30 September 2015 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 had been adjusted by management• bad debt provision for housing benefit requires further consideration in light of proposed changes to benefit regulations• the working papers continue to be of a high quality• finance staff responded promptly to all audit queries. <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 30 September 2015, 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 2014/15 on 30 September 2015.</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 2015.</p> |

Key messages - continued

| | |
|---|---|
| Certification of housing benefit grant claim | We are currently auditing the Council's Housing Benefit claim and will report any findings to the Audit Committee in December. |
| Audit fee | Our fee for 2014/15 was £72,595 excluding VAT which was in line with our planned fee for the year and remains unchanged from the previous year. Further detail is included within appendix B. |

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

| No. | Issue and recommendation | Priority | Management response/ responsible office/ due date |
|-----|---|----------|--|
| 1. | <p>Review of bad debt provision considered that the Council had under provided against the outstanding housing benefit debt. This leaves the Council at risk of not having enough resources to meet ongoing obligations should there be a change in the liability.</p> <p>Recommendation: The Council should continue to monitor the method for calculation of bad debt provisions and ensure that provisions for liabilities are based on appropriate assumptions and are adequate taking into account future benefit regulations</p> | | <p>The Council continue to monitor outstanding debt and have a process in place for agreeing ongoing recovery from benefit entitlement. The Council have a good understanding of the current position and the future risk. It is considered that there is low risk of non collectability and a large proportion of the debt is managed through a formal agreement.</p> <p>The Council will continue to monitor any changes in regulation and will assess the impact on future collectability when outcomes are known</p> <p>Responsible office: Group Manager Finance and Asset Management Due date: Ongoing</p> |
| 2. | <p>Review of the MTFP showed that a 3-5 year plan has been considered and has been based on reasonable assumptions. There are a number of gaps in future years which have yet to be addressed and no concrete plans have been made to identify how the shortfall will be met. Management have taken steps to address the gaps and the ongoing process will be monitored to ensure a balanced budget is achieved</p> <p>Recommendation: Plans to bridge the budget gaps in 2016-17 and 2017-18 should be drawn up as soon as possible</p> | | <p>Detailed planning on meeting the budget deficit over the medium term carried out by management needs to be communicated and discussed with the newly formed Transform Working Group. This is an ongoing process which will need to be reviewed and updated in light of future government finance including the Comprehensive Spending Review</p> <p>Responsible office: Group Manager Finance and Asset Management Due date: Ongoing</p> |

Appendix B: Reports issued and fees

We confirm below the fees charged for the audit.

Fees for audit services

| | Per Audit plan £ | Actual fees £ |
|--|---------------------|------------------|
| Council audit | 59,895 | 59,895 |
| Housing benefit grant certification fee | 12,700 | *12,700 |
| Total audit fees | 72,595 | 72,595 |

* Work is ongoing. Final fee to be confirmed in Annual Grant Report

Reports issued

| Report | Date issued |
|-----------------------|-------------------|
| Audit Plan | 24 June 2015 |
| Audit Findings Report | 30 September 2015 |
| Certification Report | December 2015 |
| Annual Audit Letter | October 2015 |



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