

Subject:	Annual Audit Letter	Status:	For Publication
Report to:	Audit and Accounts Committee	Date:	18 March 2014
Report of:	Grant Thornton	Portfolio Holder:	Finance and Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATION(S)
1.1	Members are asked to consider the Annual Audit Letter for the 2012/13 financial year.

2. PURPOSE OF REPORT

2.1 The letter sets out the findings from our 2012/13 audit.

3. CORPORATE PRIORITIES

3.1 The matters discussed in this letter do not impact directly on the Council's corporate priorities:

4. RISK ASSESSMENT IMPLICATIONS

4.1 There are no risk assessment implications.

5. BACKGROUND AND OPTIONS

5.1 The Annual Audit Letter summarises the key findings from the external audit at Rossendale Borough Council for the 2012/13 financial year.

5.2 The report was issued in October 2013 and this is the first opportunity we have had to bring it to the Audit and Accounts Committee.

5.3 The issues in the Letter have been included in other reports presented at the September 2013 Audit and Accounts Committee.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 This is a report of the External Auditor

7. MONITORING OFFICER

7.1 This is a report of the External Auditor

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

8.1 Not applicable

9. CONCLUSION

9.1 All major issues were reported to the Committee in September 2013 in our Audit Findings Report.



The Annual Audit Letter for Rossendale Borough Council

Year ended 31 March 2013

October 2013

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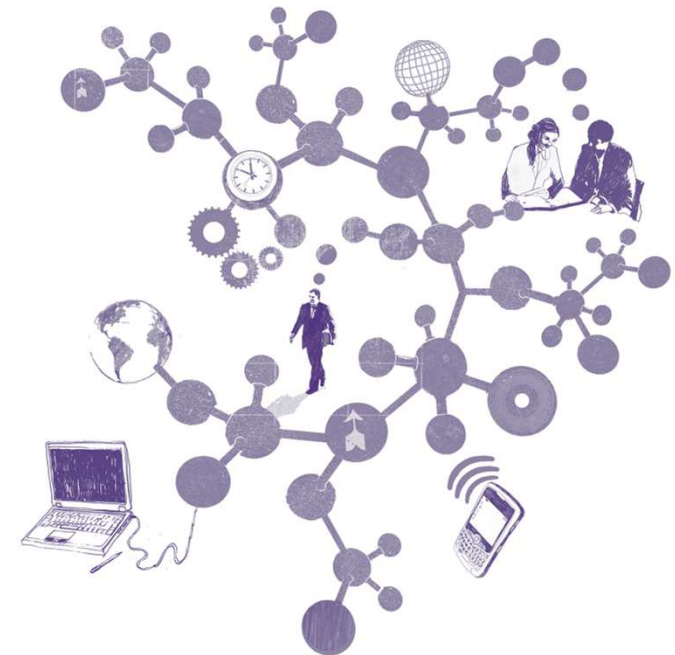
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Section 1: Executive summary

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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 Rossendale Borough 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 13 June 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 have currently certified one grant return which was certified without amendment

Executive summary

Key areas for Council attention

We summarise here the key messages arising from our audit for the Council to consider as well as highlighting key issues facing the Council in the future.

We gave an unqualified opinion on the Council's accounts on 27 September 2013. Our audit did identify a small number of errors within the financial statements. The main issues identified in the audit of the financial statements included:

- some land and buildings had not been revalued in the last five years, which did not adhere to the CIPFA Code or the Council's own accounting policies
- the final version of Rossendale Transport Limited accounts were only received towards the end of the audit which could increase the risk of the opinion being delayed

The accounts were provided for audit in line with the agreed timetable. They were supported by good quality working papers and we received timely responses to our audit queries from Council's finance team.

Our review of the Council's financial resilience showed that the Council is well placed to meet its financial challenges. We reported that the savings gap increases from £0.6m in 2014/15 to £1.5m in 2016/17. The Council however has a good record of delivering its budget and is challenging how it provides its services to ensure this continues in future years.

In March 2013 the Council issued its Corporate Plan 2013-2016 which sets out the Council's priorities. The priority areas are:

- Regenerating Rossendale;
- Responsive Value for Money Services; and
- Clean and Green Rossendale

The Plan sets out targets and long term outcomes linked to the three priority areas. The main challenge facing the Council will be achieving these outcomes at a time when fewer resources are available.

The Council's role in regenerating the Borough has already brought investment in to Rossendale. The new supermarket development in Bacup was completed after action was taken by the Council to compulsorily purchase the site. This development has brought jobs in to the borough and helped improve an area that was seen to require investment.

The Council has also formed a partnership with Barnfield Investment Properties and social landlord Together Housing Group to help in the redevelopment of the Valley Centre site in Rawtenstall. This longer term project aims to create a new living, working and cultural leisure destination.

The Council is also maximising the use of the Futures Park development in Bacup by recently opening a new one-stop shop at the building.

Acknowledgements

This Letter has been agreed with the Head of Finance and Property Services and will be presented to the next Audit Committee.

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

Section 2: *Audit of the accounts*

01. Executive summary

02. Audit of the accounts

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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 on 17 June 2013, in accordance with the national deadline. Appropriate working papers were made available from the start of the audit fieldwork, which commenced in June 2013. The working papers were of good quality and we received timely responses to our audit queries.

Issues arising from the audit of the accounts

Our audit identified a small number of errors in the accounts that amended the Council's reported financial position. The amendments made increased the net cost of services by £54k to reflect an error in the posting of Housing Benefit payments to the wrong financial year. The accounts were also amended to reflect the need to revalue land and buildings that had not been included in the revaluation programme over the last five years.

We also requested a number of minor amendments to improve the presentation of the financial statements.

Annual governance statement (AGS)

The AGS presented summarised how the Council addresses its governance issues. There are no matters we wish to raise on the AGS in the Annual Audit Letter.

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 Accounts Committee at the Council). We presented our report to the Audit 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 27 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

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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 required to give a VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code:

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 work concluded that the Council is well placed to secure continued financial resilience despite the challenges it faces.

The revenue budget for 2012/13 was delivered with additional savings, despite a challenging financial climate. The Council's medium term financial plan is regularly reviewed and is updated as savings are identified. The estimated gap between resources and planned expenditure in future years is closely monitored and action is being taken to address this gap.

Senior Officers at the Council work together to ensure that the financial position is a key consideration in decision making.

Members are engaged in the overall managing of the Council's finances and receive regular detailed financial monitoring reports. Further details are provided in our Financial Resilience report issued in September 2013.

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 it has achieved cost reductions and improved productivity and efficiencies. Our work highlighted that the Council is challenging the way it delivers its services to ensure cost reductions are achieved, whilst maintaining service provision.

Value for Money

In March 2013 the Council issued its Corporate Plan 2013-2016 which sets out the Council's priorities. The priority areas are:

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The Plan sets out targets and long term outcomes linked to the three priority areas. The main challenge facing the Council will be achieving these outcomes at a time when fewer resources are available.

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The Council has also formed a partnership with Barnfield Investment Properties and social landlord Together Housing Group to help in the redevelopment of the Valley Centre site in Rawtenstall. This longer term project aims to create a new living, working and cultural leisure destination.

The Council is also maximising the use of the Futures Park development in Bacup by recently opening a new one-stop shop at the building.

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.

Section 4: Certification of grant claims and returns

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Certification of grant claims and returns

Introduction

We are required to certify certain of the claims and returns submitted by the Council. This certification typically takes place some six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Key messages

Our work on certification of grant claims is on-going. Our work to date has not identified any issues which we wish to highlight. The detailed findings of our work will be reported in our Grant Certification report upon completion of our work

Appendices

Appendix A: 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	60,161	60,161
Grant certification fee	13,150	13,150
Total fees	73,311	73,311

Certification work is on-going. The final fee will reported to the Audit Committee later in the year in our annual certification report

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan	June 2013
Audit Findings Report	Sept 2013
Certification report	To be issued in Dec 2013
VfM – Financial Resilience Report	Sept 2013
Annual Audit Letter	Oct 2013



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