

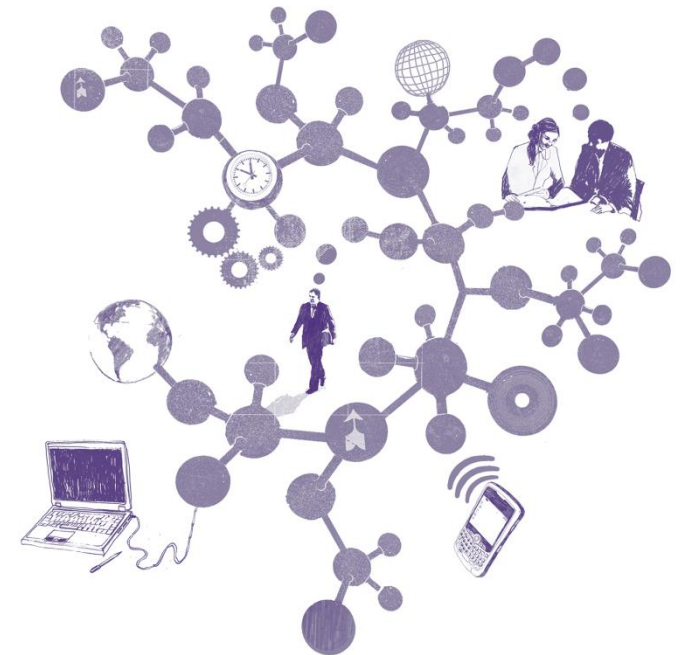
The Annual Audit Letter for South Derbyshire District Council

Year ended 31 March 2014

20 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 South Derbyshire 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 18 March 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 2014 to the Audit-Sub Committee. The key messages reported were:</p> <ul style="list-style-type: none"> • We have not identified any adjustments affecting the Council's reported surplus on provision of services of £2,164k. • We identified a number of misclassification and disclosure changes during the course of the audit. Management have adjusted the financial statements for all these changes. • The draft accounts and supporting working papers presented for audit, whilst adequate, were not to the same high standard as last year. • We have also identified a number of adjustments to improve the presentation of the financial statements.
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	<p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 26 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion, at that date, 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 issued an unqualified VfM conclusion for 2013/14 on 26 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 concluded 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>
<p>Whole of Government Accounts</p>	<p>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.</p>

Key messages

Certification of grant claims and returns	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.
Audit fee	Our fee for 2013/14 was £65,700, excluding VAT. This compared with the planned fee and fee for last year of £64,800. 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>The Council has a rolling programme of asset revaluations. The Code requires councils to value all items within a class of property, plant and equipment simultaneously. The Council has assured itself that these valuations reflect current valuations at 31/3/2014 by undertaking a desktop review of all assets that had not been revalued in 2013/14. This approach is similar to many other authorities and whilst not compliant with the Code we are satisfied that the carrying amount of Property, Plant and Equipment (based on these valuations) does not differ materially from the fair value at 31 March 2014.</p> <p>Recommendation: The Council should review its approach to the revaluation of property, plant and equipment in 2014/15.</p>	High	<p>We will review the classification of assets and the frequency of valuations to meet the requirements of the Code. In liaison with the Valuation Officer, a local approach will be developed and reported back to the Audit-sub Committee ahead of the valuation process for the 2014/15 accounts.</p> <p>Responsible officer: Corporate Asset Manager Due date: December 2014</p>
2.	<p>The draft accounts and supporting working papers presented for audit, whilst adequate, were not to the same high standard as last year. Our audit has identified a number of misclassification and disclosure changes to the accounts.</p> <p>Recommendation: The Council should review its quality assurance arrangements for producing the financial statements.</p>	High	<p>A review will be undertaken of the accountancy function and how resources are deployed during the year, in particular the role of Financial Accountant. The timetable for closing the accounts is to be brought forward and this will allow time for quality checking. A peer review will also be considered.</p> <p>Responsible officer: Financial Services Manager Due date: February 2015</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and provision of non-audit services

Fees

	Per Audit plan £	Actual fees £
Audit Fee	64,800	65,700
Grant certification fee		
• 2013/14	28,100	24,848
• 2012/13	0	3,500
Total fees	92,900	94,048

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. The additional fee is 50% of the average fee previously charged for NDR3 certifications for district authorities and is subject to agreement by the Audit Commission.

There is an additional fee of £3,500 for further testing of the 2012/13 Housing and Council Tax Subsidy Claim.

Fees for other services

Service	Fees £
Review of Recharge of Central Support Services into the Housing Revenue Account	5,000
Atlas Implementation - benchmarking	5,000

Reports issued

Report	Date issued
Audit Committee Update	26 February 2014
Informing the audit risk assessment	17 March 2014
Audit Plan	18 March 2014
Grant Certification Work Plan	18 March 2014
Benchmarking your arrangements for securing Financial Resilience	18 March 2014
Audit Findings Report	15 September 2014
Annual Audit Letter	8 October 2014



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