

Item 11 – Annual Audit Letter

This page is intentionally left blank

Corporate Governance and Standards Report

Ward(s) affected: All

Report of the Managing Director

Author: Claire Morris, Head of Financial Services

Tel: 01483 444827

Email: claire.morris@guildford.gov.uk

Lead Councillor responsible: Nigel Manning

Tel: 01252 665999

Email: nigel.manning@guildford.gov.uk

Date: 26 November 2015

Annual Audit Letter 2014-15

Executive Summary

The external audit for 2014-15 is complete and the independent auditor has now issued their Annual Audit Letter. The letter is attached at Appendix 1. The Annual Audit Letter does not include any findings that were not raised in the Audit Findings Report, which was presented to Corporate Governance and Standards Committee on 24 September 2015.

Recommendation to Corporate Governance and Standards Committee

That the Corporate Governance and Standards Committee notes the content of the Annual Audit Letter. The Executive will approve the Annual Audit Letter on the 24 November 2015.

Reason for Recommendation:

To note the Annual Audit Report

1. Purpose of Report

1.1 The report will introduce the Annual Audit Letter received from Grant Thornton, our external auditors

2. Strategic Priorities

2.1 Good financial management underpins all that the Council does and helps to achieve the priorities set down in the Corporate Plan.

3. Background

- 3.1 **Appendix 1** attached is the Annual Audit Letter from Grant Thornton. Within the letter, they refer to the Audit Findings Report that the Corporate Governance and Standards Committee considered on 24 September 2015.
- 3.2 The Annual Audit Letter summarises the key findings arising from:
- (a) auditing the 2014-15 accounts and Whole of Government Accounts return
 - (b) assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources
 - (c) certification of grants claims and returns.
- 3.3 The Council received an unqualified opinion on the accounts and its arrangements for securing economy, efficiency and effectiveness and an assurance statement on the Whole of Government Accounts.
- 3.4 The auditors are still working on the housing benefit claim and will report the findings of the audit to the Corporate Governance and Standards Committee, later in the year.
- 3.5 The Annual Audit Letter does not include anything that was not raised within the Audit Findings Report, which contained some recommendations from the auditors because of their work, an action plan and management's response to the recommendations was reported to the Corporate Governance and Standards Committee on 24 September 2015.

4 Consultations

- 4.1 No consultations are required for this report.

5 Equality and Diversity Implications

- 5.1 There are no equality and diversity implications arising from this report.

6. Financial Implications

- 6.1 There are no financial implications arising as a result of this report.

7. Legal Implications

- 7.1 The International Standard on Auditing (UK and Ireland) 260 requires the external auditor to report any issues arising from the audit of the Financial Statements to those charged within governance. In the Council's case, this is the Corporate Governance and Standards Committee.

8. Human Resource Implications

- 8.1 There are no human resource implications arising as a result of this report

9. Summary of Options

9.1 Consideration of alternative options is not applicable to this report.

10. Conclusion

10.1 The Council received an unqualified opinion on its accounts for 2014-15 and its arrangements for securing economy, efficiency and effectiveness. We also received an assurance statement on our Whole of Government Accounts submission

11. Background Papers

None

12. Appendices

Appendix 1 – Grant Thornton: Annual Audit Letter Year ended 31 March 2015

This page is intentionally left blank



The Annual Audit Letter for Guildford Borough Council

Year ended 31 March 2015

October 2015

Christian Heeger

Director

T 01293 554 145

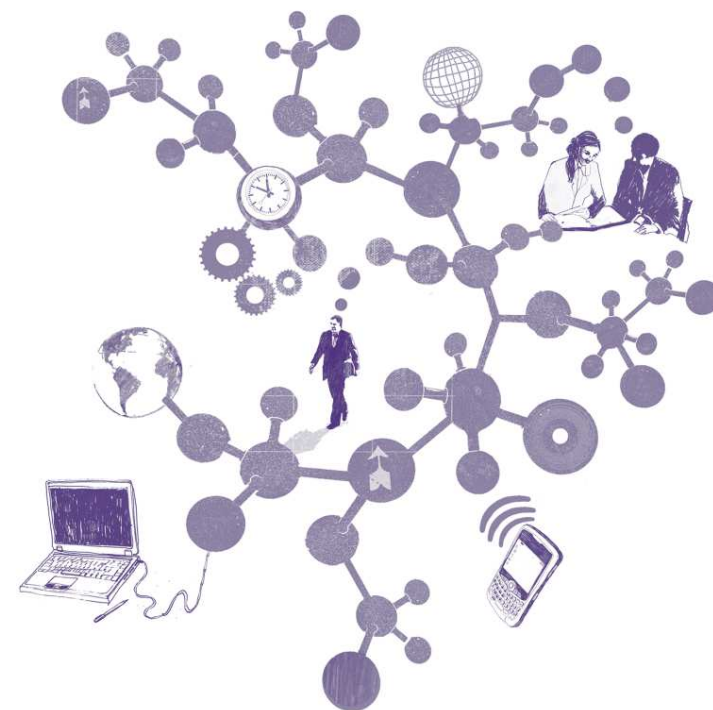
E christian.heeger@uk.gt.com

Keith Hosea

Manager

T 020 7728 3231

E keith.j.hosea@uk.gt.com



Contents

Section	Page
1. Key messages	3
Appendices	
A Summary of reports and audit fees	5

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Guildford 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 26 March 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)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 24 September 2015 to the Corporate Governance and Standards Committee. The key messages reported were:

- the Council produced a good set of financial statements supported by comprehensive working papers in line with the timescales agreed, and officers responded promptly and helpfully to queries that we raised during our audit.
- We did not identify any adjustments which impacted on the primary statements. We identified some changes to disclosures in the accompanying notes and presentational improvements which the Council accepted in its final set of financial statements.
- We reported on an issue around the calculation of NI and pension contributions in certain specific circumstances which officers have addressed through discussion with your payroll software provider. These did not have a significant impact on your financial statements.

We issued an unqualified opinion on the Council's 2014/15 financial statements on 28 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.

Key messages continued

<p>Value for Money (VfM) conclusion</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. We therefore issued an unqualified VfM conclusion for 2014/15 on 28 September 2015.</p> <p>We reported the key messages from our audit work in the same Audit Findings Report:</p> <ul style="list-style-type: none"> • Overall, the Council has sound processes in place to ensure its continued financial resilience. It continues to face significant financial pressures to balance its budgets, with a required savings gap of £5.5 million from 2016/17, and further pressures on the HRA Business Plan from announcements made by the government around rent increases and right to buy. We recommended that the Council continue with its strategic framework to identify further areas for savings and growth, including an increased focus on alternative delivery models and more transformational approaches to service delivery. • We found that the Council has sound processes to challenge and ensure economy, efficiency and effectiveness in its use of resources. We did not identify any risks which impacted on our conclusion, but made recommendations in respect of updating the Council's Local Plan and Corporate Plan; and around the corporate procurement framework. • We are pleased that the Council has addressed our recommendation from last year around the position of Head of Internal Audit in the Council's organisational structure. <p>Our Audit Findings Report dated 24 September 2015 includes an action plan addressing the key recommendations arising from the audit.</p>
<p>Certification of housing benefit grant claim</p>	<p>Our work on the Council's 2014/15 housing benefit grant claim is in progress. We will provide a summary of the main issues from our work separately to the Council later in the year.</p>
<p>Audit fee</p>	<p>Our audit fee for 2014/15 was £76,710, excluding VAT, which was in line with our planned fee for the year and the same as the previous year. We will notify you separately of the certification fee for 2014/15 on completion of our work, but expect this to be less than the fee charged for the previous year. We agreed to carry out non-audit services, for which our fee was £4,050.</p> <p>Further detail is included within Appendix A.</p>

Appendix A: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Planned fees 2014/15 £	Actual fees 2014/15 £	Actual fees 2013/14 £
Council audit	76,710	76,710	76,710
Housing benefit grant certification fee	17,330	Tbc	19,468
Total audit fees	94,040	tbc	96,178

Fees for other services

Service	Fees £
Audit related services	
• Assurance work on pooling of housing receipts (planned fee)	1,500
Non-audit related services	
• Workshop on budget pressures and alternative delivery models	4,050

Reports issued

Report	Date issued
Audit Plan	26 March 2015
Audit Findings Report	24 September 2015
Certification Report	Expected December 2015
Annual Audit Letter	October 2015



© 2015 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires.

Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk