



# The Annual Audit Letter for North Hertfordshire District Council

Year ended 31 March 2013

October 2013

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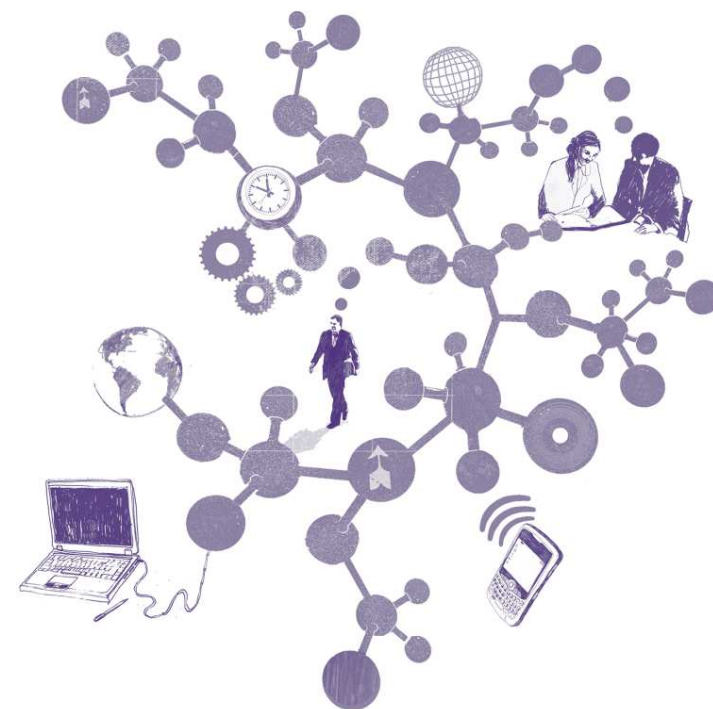
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# Section 1: Executive summary

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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 North Hertfordshire District 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 19 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](http://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 26 May 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 your arrangements for securing economy, efficiency and effectiveness in its use of resources.
- a completed short form assurance on your Whole of Government Accounts submission with no issues noted.

We have certified the NNDR grant claim for the year with amendment and are completing our work on the Housing and Council Tax Benefit claim. The final results of our work will be reported to the Audit & Risk Committee in our certification report in December 2013.

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# Executive summary

## **Key areas for Council attention**

We summarise here the key messages arising from our audit for the you to consider.

### **Accounts audit:**

We did not identify any significant audit adjustments that impacted on your income and expenditure position (statement of comprehensive income) or balance sheet (statement of financial position). Amendments required in the accounts were minor and of a presentational nature only and had no overall effect on your reported assets and liabilities.

The Finance manager, who prepares the accounts, is retiring next year and the Council should give appropriate consideration to succession planning and strengthening the finance team.

An unqualified audit opinion was issued on 30 September 2013. Further details can be found in section 2 of this Letter.

### **Value for Money:**

An unqualified VFM conclusion was issued on 30 September 2013, confirming that you made proper arrangements to secure economy, efficiency and effectiveness in your use of resources for the year ended 31 March 2013. Further details can be found in section 3 of this Letter. We continue to focus on the Council's on-going arrangements to improve financial performance of the shared revenues and benefits service.

### **Grant certification:**

To date we have certified your NNDR claim. The claim was certified with an amendment. Our work on your Housing and Council Tax Benefit claim remains in progress.

### **Public challenge matters:**

We did not receive any objections in respect of the financial statements for the year ended 31 March 2013. We certified the audit closed on 30 September 2013

## **Acknowledgements**

This Letter has been agreed with the Director of Finance and will be presented to Audit Committee on 5 December 2013.

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

**Grant Thornton UK LLP**  
**October 2013**

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## Section 2: 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 20 June 2013, in accordance with the national deadline. Appropriate working papers were made available from the start of the audit fieldwork, which commenced on 16 July 2013.

## **Issues arising from the audit of the accounts**

In the conduct of our audit, we did not have to alter or change our audit strategy, which was communicated to you in our Audit Plan presented to the Audit Committee on 26 June 2013.

We undertook work on key financial systems sufficient to support our approach to the accounts audit. This work did not identify any control issues that presented a material risk to the accuracy of the financial statements.

The draft financial statements recorded net expenditure of £3.090m. We identified no misstatements as a result of the audit that impacted on your reported financial position.

We did not identify any significant issues as a result of our audit work and recommended only a small number of minor adjustments to improve the presentation of the financial statements.

## **Annual governance statement**

We reviewed the AGS to assess whether it complied with the requirements of 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007. We also considered whether the disclosures made were consistent with our knowledge of you and your key strategic risks. We confirmed that the content of the AGS is consistent with our knowledge of the Council.

## **Whole of Government Accounts (WGA)**

The Council submitted its draft WGA pack for audit ahead of the national deadline of 28 August 2013. We completed our review and were able to submit an unqualified shortform assurance statement, in advance of the 4 October 2013 deadline. There were no issues noted with the quality of the information contained in the pack.

## **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 Committee at the Council). We presented our report to the Audit Committee on 25 September 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 30 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.

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## 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:

Area of review	RAG rating
Key indicators of performance	 Green
Strategic financial planning	 Green
Financial governance	 Amber
Financial control	 Green

Our work highlighted that the Council has maintained a strong financial position but improvements are required in the area of financial governance, specifically with reference to:

- the budgetary control of the revenues and benefits shared service.
- the processing of notification regulation amendments from the Department for Work and Pensions.

Further details are provided in our Audit Findings report issued in September 2013.

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# Value for Money

## **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.

## **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.

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## 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.

We are currently in the process of certifying the 2012/13 grant claims and returns. Details have been provided below of the claims that have currently been certified:

- National Non Domestic Rates return (LA01) – no amendment / qualification letter issued.

The Housing and Council Tax Benefits scheme (BEN01) is yet to be certified.

Once all certification work is complete we will report in full on the findings of our work to the Audit Committee in our certification report.

# Appendices

# Appendix A: 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	68,400	68,400
Grant certification fee *	16,368	16,368
<b>Total fees</b>	<b>82,368</b>	<b>82,368</b>

\* grant certification fees are estimate only and will be confirmed once the audit is completed.

## Fees for other services

Service	Fees £
None	None

## Reports issued

Report	Date issued
Audit Plan	May 2013
Audit Findings Report	September 2013
Certification report (on completion of certification work)	November 2013
Annual Audit Letter	October 2013



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