

The Annual Audit Letter for Mid Devon District Council

Year ended 31 March 2014

24 October 2014

Geraldine Daly

Engagement Lead

T 0117 305 7741

E geri.n.daly@uk.gt.com

Steve Johnson

Audit Manager

T 07880 456 134

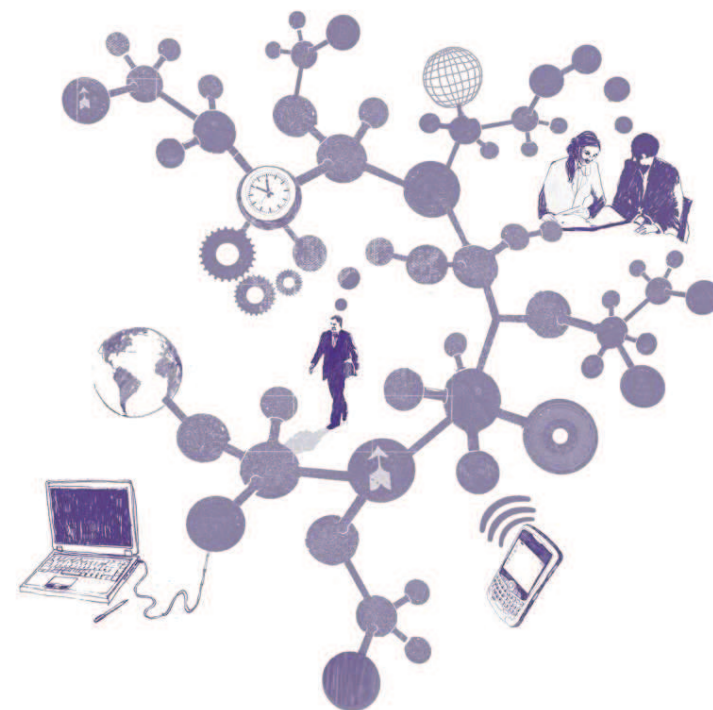
E steve.p.johnson@uk.gt.com

Victoria Redler

Executive

T 0117 305 7744

E victoria.j.redler@uk.gt.com



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 Mid Devon 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 presented to the Audit committee on 27 May 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.

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 23 September 2014 to the Audit Committee. We identified two adjustment affecting the Council's disclosures in the primary statements:</p> <ul style="list-style-type: none">• the presentation of the pension fund accounting adjustments in the Comprehensive Income & Expenditure account did not conform to the updated code requirements; and• the cash flow statement analysis was restated to include items in the correct category. <p>Both statements were amended and the appropriate disclosure notes updated.</p> <p>There were no unadjusted errors.</p> <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 30 September 2014, 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 2013/14 on 30 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 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 2014.</p>

Key messages

Whole of Government Accounts	<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>
Certification of grant claims and returns	<p>We are required to certify two certification returns for the Council, the Housing Benefit and Council Tax Benefit subsidy for 2013/14 (HB subsidy), and the Pooling of Capital Receipts claim (Pooling). At the time of writing this Letter, work is ongoing on the HB subsidy claim and we expect to report to the Department of Works and Pensions by the 30 November 2014 deadline. The Pooling claim was certified with one amendment. We will report on the outcome of all certification work in a separate report.</p>
Audit fee	<p>Our fee for 2013/14 is £62,700, excluding VAT, for the main audit. A fee variation of an additional £900 is currently being agreed with the Audit Commission. There is no longer a certification requirement in respect of business rates; (LA01), which resulted in the need for additional audit work on material business rates balances and the disclosures within the financial statements. The fee variation represents the equivalent to 50% of the average cost by council type of LA01 certification in 2012/13.</p>
Audit Certificate	<p>In the Audit Committee meeting on the 23 September 2014, we explained that we could not formally conclude the audit on that date and issue an audit certificate until we had completed our consideration of matters brought to our attention by local authority electors, as follows:</p> <ul style="list-style-type: none"> • A challenge to the decision making process followed in the decision to relocate the Tiverton Tourist information centre; and • A challenge to the legality of the Council's decision to vary a car parking order. <p>We were satisfied that these matters did not have a material effect on the financial statements or a significant impact on our value for money conclusion.</p> <p>We plan to conclude our work by 31 October 2014 when we will be in a position to issue the certificate.</p>

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p>It was noted that payroll was still administered by one individual. Further, from discussions with members of the finance and HR teams, there appeared to be insufficient medium term contingencies should that member of staff leave or become ill.</p> <p>Recommendation:</p> <p>We recommended that there be segregation of duties within the payroll department whereby one member of staff is not wholly responsible for the processing of all the payroll.</p>	Medium	<p>In the short term a robust contingency plan has been put in place, to ensure that, both payroll is submitted on time and relevant returns are sent to HMRC, should issues arise with the member of staff currently responsible for preparing the payroll.</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*	62,700	63,600
Grant certification fee	9,474	9,474
Total fees	72,174	73,074

Fees for other services

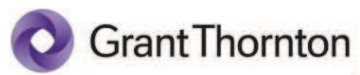
Service	Fees £
None	n/a

*The audit fees are set by the Audit Commission. As there is no longer a certification requirement in respect of business rates; LA01), there is a need for additional audit work on material business rates balances and the disclosures in the financial statements. The Audit Commission is currently in the process of approving the fee variation for this work, equivalent to 50% of the average cost by council type of LA01 certification in 2012/13. The fee variation applicable to Mid Devon District Council is £900 to cover the additional work required.

The Audit fee cannot be finalised until our consideration of matters brought to our attention by local authority electors have been concluded.

Reports issued

Report	Date issued
Audit Plan	27 May 2014
Grant certification work plan	27 May 2014
Audit Findings Report	23 September 2014
Certification report	December 2014
VfM – Financial Resilience Report	November 2014
Annual Audit Letter	24 October 2014



© 2014 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