

# Uttlesford District Council

Year ending 31 March 2013

Annual Audit Letter

22 October 2013



Building a better  
working world

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The Members  
Uttlesford DC  
Council Offices  
London Road  
Saffron Walden  
Essex  
CB11 4ER

22 October 2013

Dear Members,

## **Annual Audit Letter**

The purpose of this Annual Audit Letter is to communicate to the Members of Uttlesford DC and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with governance of Uttlesford DC in the following report:

**2012/13 Audit results report for Uttlesford  
District Council**

**Issued 26 September 2013**

The matters reported here are the most significant for the Authority.

I would like to take this opportunity to thank the officers of Uttlesford District Council for their assistance during the course of our work.

Yours faithfully

Debbie Hanson  
Director  
For and behalf of Ernst & Young LLP  
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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# 1. Executive summary

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan we issued on 31 January 2013 and is 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.

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of Uttlesford DC for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland)	On 26 September 2013 we issued an unqualified audit opinion in respect of the Authority.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 26 September 2013 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Audit Committee) communicating significant findings resulting from our audit.	On 26 September 2013 we presented our report in respect of the Authority.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 26 September 2013.
Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	No issues to report
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	No issues to report
Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	We have been unable to issue our audit completion certificate due to an outstanding objection, further details on which are included in section 2.3.

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Issue a report to those charged with governance of the Authority summarising the certification (of grants claims and returns) work that we have undertaken.

Work on the Council's Housing Benefit Claim is still ongoing. Our annual certification report in respect of the 2012-13 financial year will be issued to those charged with governance on completion of this work in December 2013.

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## 2. Key findings

### 2.1 Financial statement audit

We audited the Authority's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on the 26 September 2013.

In our view, the quality of the process for producing the accounts, including the supporting working papers was generally good. The main issues identified as part of our audit were:

#### Audit findings:

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##### Key findings

We have not identified any misstatements, either corrected or uncorrected, that were individually or in aggregate material to the presentation and disclosures of the Councils financial statements for the year ended 31 Month 2013.

##### Other matters

Although as noted above, supporting working papers was generally good, improvements could be made to the working papers supporting the cash flow statement and movements on reserves disclosure. These matters are reflected in our Audit Results Report and have been discussed and agreed with the Assistant Chief Executive – Finance.

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### 2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2012/13 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience; and
- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 26 September 2013. Our audit did not identify any significant matters.

### 2.3 Audit completion

We received an objection to the 2012/13 accounts from a member of the public. We are in the process of assessing this objection and have concluded that it does not impact the signing of the financial statements or the value for money conclusion. We are not however able to issue the audit completion certificate until we have concluded the objection.

### 2.4 Whole of government accounts

We reported to the National Audit office on 26 September 2013 the results of our work performed in relation the accuracy of the consolidation pack the Authority is required to prepare for the whole of government accounts. We did not identify any areas of concern.

### 2.5 Annual governance statement

We are required to consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance. We completed this work and did not identify any areas of concern.



## 2.6 Certification of grants claims and returns

We will issue the Annual Certification Report for 2012/13 in December 2013.

## 2.7 Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Planned fee	Scale fee	Final
Code audit work	£69,654	£69,654	See comments below
Certification of claims and returns	£19,950	£19,950	See comments below
Non-Code work	Nil	N/A	Nil

Our final fee will be higher than the agreed scale fee for the Code audit work. This is due to additional charges that we have to make in relation to dealing with the objection referred to in section 2.3 above. As we have not yet completed our consideration of the objection we are not yet able to determine the final fee.

Work on the certification of claims and returns is not yet complete. We will report our final fee for the certification work in our report to be issued in December 2013.

We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

### 3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal of internal control we communicated to those charged with governance at the Authority, as required, significant deficiencies in internal control.

We have not identified any significant weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not aware.

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