

# Three Rivers District Council

## Annual Audit Letter 2011/12

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**16 October 2012**

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# Introduction

## Purpose of this letter

This Annual Audit Letter ('Letter') summarises the key issues arising from the work that we have carried out for Three Rivers District Council ('the Council') during our 2011/12 audit.

The Letter is designed to provide a brief overview of our key messages to the Council and external stakeholders, including members of the public.

The letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk) and also on the Council's website.

## What this Letter covers

This Letter covers our 2011/12 audit, including key messages and conclusions from our work in:

- auditing the 2011/12 year end accounts
- assessing the Council's arrangements for securing economy, efficiency and effectiveness to ensure Value for Money is achieved
- certification of grant claims and returns to various government departments and other agencies.

## 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)).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

# Key messages

## Accounts audit

We were presented with draft financial statements ahead of the statutory deadline of 30 June 2012. Our audit started late July and we were provided with a comprehensive and high quality set of working papers to support our work.

We issued an unqualified audit opinion on 28 September 2012, ahead of the statutory deadline.

There were no significant audit adjustments that impacted on the Council's income and expenditure position (statement of comprehensive income) and balance sheet (statement of financial position)

We concluded that the Annual Governance Statement and Explanatory Foreword were consistent with our knowledge of the Council, subject to a small number of proposed adjustments, which management incorporated into the final versions of the documents.

The Council submitted its draft Whole of Government Accounts (WGA) pack for audit by the Department for Communities & Local Government (CLG) deadline of 30 July. We were able to submit the audited WGA to the CLG by the deadline of 30 September based on there being no significant issues with the quality of the information contained in the pack.

## Our main audit conclusions for the year

**The 2011/12 accounts give a true and fair view of the Council's financial affairs and of the income and expenditure recorded by the Council.**

**The Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.**

In 2012/13 we will discuss future accounting challenges with the Council, including planning for changes to financial reporting requirements, for example, around accounting treatment of leased assets.

The Council held the day for public challenge matters on the draft annual accounts on 16 August 2012 and received no questions or objections in respect of the financial statements

# Key messages (continued)

## Value for Money audit

An unqualified Value for Money ('VFM') conclusion was also issued on 27 September 2012 confirming that the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.

As part of this work we reviewed the Council's arrangements for securing financial resilience over the medium term. Our overall conclusion was that whilst the Council faces significant financial challenges in 2012/13 and beyond, its current arrangements for achieving financial resilience are adequate.

We also conducted targeted work to ensure that the Council prioritised its resources to take into account budget constraints and whether it delivers value for money in its priority service areas. This work included:

- updating our assessment of key risk indicators
- following up our prior year work on the Planning Service.

For each of these areas, we concluded that the Council's arrangements were adequate.

We will continue to review arrangements for securing VFM, focusing on key risk areas, as part of our 2012/13 audit.

## Certification of claims and returns

Each year we review and certify a number of grant claims and returns in accordance with the arrangements put in place by the Audit Commission.

We are currently in the process of certifying the 2011/12 grant claims and returns. Once this work is complete we will report in full on the findings of our work in a separate report to the Audit Committee.

## Outputs and fees

Our audit outputs and fees are shown in Appendices A and B.

## Acknowledgements

This Letter has been agreed with Council management and will be presented to Audit Committee on 20 November 2012.

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

**Grant Thornton UK LLP**

**16 October 2012**

# Appendices

## A. 2011/12 reports issued

Report	Date Issued
Audit Plan	March 2012
Audit Approach Memorandum (Accounts)	March 2012
Annual Report to Those Charged With Governance (ISA 260)	September 2012
Annual Audit Letter	October 2012
Financial Resilience 2	October 2012
Grants Certification Report 2011/12	December 2012 (planned)

## B. Audit and other fees 2011/12

Audit area	Budget 2011/12	Actual 2011/12
Total Code of Practice fee**	£99,750	£99,750
Certification of grant claims and returns*	£20,000	£20,000
Questions and objections from the public	£nil	£nil

\* The quoted fee for grant certification work is an estimate only and is charged at published hourly rates. The final fee will be reported in the 2011/12 Grants report

\*\*We did not perform any non audit work during 2011/12.



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