

Annual Audit Letter to:
Craven District Council



Audit 2012/13

October 2013



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Key messages

We received no objections to the Council's accounts in 2012/13 and there were no issues arising in 2012/13 that required us to take formal audit action.

The Council successfully prepared and approved its draft statement of accounts by 30 June 2013, in line with statutory requirements. Unfortunately these draft accounts required a number of adjustments, which delayed completion of the audit. Amended accounts incorporating all the necessary changes were received on 14 October 2013, and **we anticipate that by the end of October we will be able to:**

- **issue our opinion on the 2012/13 Statement of Accounts, and on the Council's arrangements for securing value for money;**
- **provide a shortform assurance statement, as required, on the whole of government accounts return; and**
- **certify formal closure of the audit.**

This letter represents the completion of our first year as your appointed auditor. We are grateful for the cooperation and assistance provided by Directors and staff in helping us to complete our work.

Looking ahead

The Council has made good progress in recent years in terms of:

- managing expenditure within budget;
- securing efficiency savings;
- improving governance arrangements; and
- securing financial stability.

Looking to the future, a priority for next year should be to improve the quality of year end financial reporting. Other key challenges that the Council has identified include:

- completing the final phase of Skipton Developments;
- responding to Government changes on local taxation and benefits; and
- delivering savings of £0.58m through the corporate Value for Money programme, whilst at the same time meeting the continued increase in demand for services.

Our 2013/14 audit will focus on the risks that these challenges present to the Council's financial statements and to its ability to maintain proper arrangements for securing value for money.

We will share relevant insights that we have as a national and international accounting and advisory firm with experience of working with other public sector and commercial service providers.

Financial statements

Year end financial statements are an important tool for local authorities to demonstrate how they have used public money.

A number of adjustments were made to the 2012/13 draft accounts, mostly in relation to capital accounting and presentational issues. This delayed completion of the audit, however, we expect to be able to issue an unqualified opinion on the Council's 2012/13 financial statements by 31 October 2013.

The Council has responded positively to recommendations made in last year's annual audit letter, by implementing a new asset register. This process identified a number of errors brought forward from prior years, which have now been corrected.

We have made a number of recommendations for officers to consider when preparing next year's accounts:

- the Council should overhaul and update the template which currently forms the basis for producing its year end financial statements;
- work already in progress to understand the operation, and develop the use of the new asset register should continue; and,
- leasing records should be updated and reviewed.

Our detailed findings were reported in our Audit Completion Report to the Audit and Governance Committee on 29 October 2013.

Securing economy, efficiency and effectiveness

We assess councils' arrangements against the two criteria specified by the Audit Commission, namely:

- securing financial resilience; and
- ensuring economy, efficiency and effectiveness in the use of resources.

For 2012/13 the Audit Commission identified and published a number of sector specific factors likely to be relevant to all local authorities in the current economic climate, and our work has been directed towards these issues.

The Council has made good progress in recent years in terms of:

- managing expenditure within budget;
- securing efficiency savings; and,
- improving financial stability.

General Fund balances stood at over £1m, and earmarked reserves at over £1.7m at 31 March 2013, and the Council is looking to maintain these balances rather than reduce them over the next 4 years.

Savings are being achieved through a pragmatic mixture of strategic initiatives, operational cost reductions and procurement. A number of shared service and outsourcing arrangements are already in place, with others under consideration. At the same time other services, such as homelessness, have been brought back in house to improve efficiency, and major contracts such as grounds maintenance have been subject to formal competitive tendering.

We did not identify any significant weaknesses in the Council's arrangements and therefore intend to issue an unqualified value for money conclusion alongside our opinion on the financial statements.

Fees and closing remarks

2012/13 baseline audit fees were communicated in our Audit Strategy Memorandum dated February 2013, being:

- £60,192 (ex VAT) for audit work; and
- £15,750 (ex VAT) for the certification of grant claims.

Further audit fees of £6,000 will be payable in respect of the additional work required to identify, check and agree a larger than anticipated number of adjustments to the draft accounts. We did not undertake any non-audit services in the year.

We have discussed and agreed this letter with the Corporate Head of Financial Management, and will provide copies to all senior management and elected members. Further detailed findings and conclusions in the areas covered by our audit are included in the reports we have issued during the year.

Report	Date issued
2012/13 Audit Fee Letter	November 2012
Audit Strategy Memorandum	February 2013
Audit Progress Reports	December 2013 June 2013
Audit Completion Report	
Audit opinion on the financial statements	Expected by 31
Assurance statement on Whole of Government Accounts	October 2013
Audit certificate	

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October 2013

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