

# Audit Completion Report

Craven District Council – year ended 31 March 2014

September 2014



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Audit and Governance Committee  
Craven District Council  
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29 September 2014

Dear Members

**Audit Completion Report – Year ended 31 March 2014**

We are delighted to present our Audit Completion Report for the year ended 31 March 2014. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and areas of management judgement was outlined in our Audit Strategy Memorandum which we presented on 24 March 2014. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and areas of management judgement remain appropriate.

We would like to take this opportunity to express our thanks to your officers for their assistance during the course of our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6314 or by e-mail ([cameron.waddell@mazars.co.uk](mailto:cameron.waddell@mazars.co.uk)).

Yours faithfully

Cameron Waddell  
Director and Engagement Lead  
Mazars LLP

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# 01 Executive summary

## **Purpose of this document**

This document has been prepared to communicate the findings of our audit for the year ended 31 March 2014 to the Audit and Governance Committee of Craven District Council (the Council) and forms the basis for discussion at the Audit and Governance Committee meeting on 29 September 2014.

Our communication with you is important to:

- share information to assist both the auditor and those charged with governance to fulfil our respective responsibilities;
- provide you with constructive observations arising from the audit process;
- ensure, as part of the two-way communication process, we gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Council; and
- receive feedback from yourselves as to the performance of the engagement team.

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK and Ireland) which means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement. Section 02 of this report includes our conclusions on the significant risks and areas of management judgement that we set out in our Audit Strategy Memorandum.

We also set out details of internal control recommendations in section 03 and a summary of misstatements discovered as part of the audit in section 04.

## **Status and audit opinion**

We have substantially completed our audit of the financial statements for the year ended 31 March 2014.

At the time of preparing this report, there are no significant matters outstanding, and we anticipate:

- issuing an unqualified opinion, without modification, on your statement of accounts; and
- concluding that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

We also anticipate completing our work in respect of your Whole of Government Accounts submission in line with the group instructions issued by the National Audit Office by the deadline of 3 October 2014.

The text of the management representations which we request from you is Appendix A, and our proposed audit report is set out in Appendix B.

# 02 Significant findings

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding the significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 5 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year; and
- any significant difficulties we experienced during the audit.

## Significant risks and key areas of management judgement

### Management override of controls

#### Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

#### How we addressed this risk

We addressed this risk by performing audit work relating to:

- accounting estimates impacting on amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journals recorded in the general ledger and other adjustments made in the preparation of the financial statements.

#### Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

### Revenue recognition

#### Description of the risk

International Standards on Auditing include a rebuttable presumption that a risk of fraud in relation to the recognition of revenue always exists. We have decided not to rebut this presumption and as such there is a risk that revenue will be recognised in the incorrect accounting period.

#### How we addressed this risk

We addressed this risk by performing audit work relating to journals recorded in the general ledger and other adjustments which recognise revenue, made in the preparation of the financial statements.

In addition to these procedures, we increased the level of substantive testing performed on revenue items included in the ledger for the 2013/14 and 2014/15 financial years to confirm they have been accounted for in the correct accounting period.

### **Audit conclusion**

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

## **Expenditure recognition**

### **Description of the risk**

In the public sector the risk of fraudulent expenditure recognition is of equal likelihood as the risk of fraudulent revenue recognition. As such there is a risk that expenditure will be recognised in the incorrect accounting period.

### **How we addressed this risk**

We addressed this risk by performing audit work relating to:

- accounting estimates impacting on amounts included in the financial statements; and
- journals recorded in the general ledger and other adjustments which recognise expenditure, made in the preparation of the financial statements.

In addition to these procedures, we increased the level of substantive testing performed on expenditure items included in the ledger for the 2013/14 and 2014/15 financial years to confirm they have been accounted for in the correct accounting period.

### **Audit conclusion**

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

## **IAS 19 Employee Benefits**

### **Description of the risk**

The financial statements contain material entries in a number of primary statements as well as material disclosure notes in relation to the Council's participation in the Local Government Pension Scheme.

These entries arise from complex estimates used by the Council's actuary as well as information provided to the actuary from the Council and the administering body for the Local Government Pension Scheme.

### **How we addressed this risk**

We addressed this risk by considering the Council's arrangements (including the existence of any relevant controls) for making estimates in relation to pension entries within the financial statements. We also considered the reasonableness of the actuary's assumptions used in providing the Council with relevant entries in the financial statements through use of our expert commissioned by the Audit Commission.

### **Audit conclusion**

The auditors of the North Yorkshire Pension Fund (Deloitte LLP) have highlighted an overstatement between the extrapolated value of assets shown in actuarial reports and the actual value of the pension fund assets at 31 March 2014. Year end testing by Deloitte LLP also showed that the actual value of pension fund assets at 31 March 2014 was overstated in the pension fund accounts. The cumulative impact of these overstatements is not material and the Council has decided not to adjust its accounts in relation to these issues. Further details are provided below.

## Key area of management judgement

In addition to the significant risks above we also wish to draw members' attention to the following key area of judgement applied by management in the preparation of the Council's financial statements.

### Valuation of property, plant and equipment

#### Description of the area of management judgement

As in previous financial years, the Council engaged its in-house valuer to carry out a valuation of a proportion of the Council's property and land assets. The valuation of property, plant and equipment is a significant estimate that has a material impact on the financial statements.

#### How we addressed this area of management judgement

We carried out a series of procedures in order to gain sufficient assurance that the carrying value of property, plant and equipment is fairly stated and that the valuation programme carried out by the Council complies with proper accounting practice. These procedures included:

- an assessment of the valuation results using information provided to us by our valuation expert as commissioned by the Audit Commission; and
- substantive testing of individual properties to review the appropriateness of the valuation basis applied by the valuer and the results of that valuation exercise.

#### Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

## Accounting policies and disclosures

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting.

## Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. However, the process used by officers for preparing the draft financial statements could be improved in several ways to both reduce the time spent by officers responding to audit queries and the time needed to complete the audit.

As part of our interim audit, we shared a protocol with officers that included a detailed timetable for the financial statements audit and a list of working papers required for the audit and to support the certification of the draft accounts. Although the protocol was not agreed, if the principles of it had been followed it is our view that the accounts closure and audit process would have been more efficient, saving officer and auditor time. For example:

- We did not receive all the working papers listed as minimum requirements in the draft protocol. This both added to the time taken to complete the audit, and increased officers' time needed to respond to our requests.
- The quality of working papers could be improved (for example, in one instance there were a number of handwritten versions of the same working paper without any clear indication as to which was the correct version), increasing the time taken to complete the audit.
- Most working papers were available electronically, though not all. If electronic working papers were provided to us at the start of the audit (either via memory stick, shared internet site, etc.) this would decrease the number of requests sent to officers.
- Not enough officers have received training in using the Council's asset register software. This considerably added to the time it took for us to complete our audit as some reports could not be extracted from the system when requested.

We will continue to work with officers to secure improvement for 2014/15.

# 03 Internal control recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

In our Audit Strategy Memorandum we reported internal control weaknesses in respect of controls over cash from car parking. We have not identified any further internal control deficiencies during our normal audit procedures that we consider of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.



# 04 Summary of misstatements

The overall quality of the disclosures in the financial statements has improved in comparison to those submitted for audit in 2012/13. We are only required to report to you those errors and omissions which exceed our reporting thresholds, and these are set out below. However, the number of avoidable misstatements in the draft 2013/14 statements is greater than we would expect from a district council with a sufficiently resourced and experienced finance team. Many of these errors have not been reported due to their low value.

We set out below the misstatements identified during the course of the audit, above the trivial level, for adjustment. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

## Unadjusted misstatements 2013/14

	CIES		Balance Sheet	
	Dr £000	Cr £000	Dr £000	Cr £000
1 Dr cash and cash equivalents			188	
Dr short term creditors			4	
Cr short term debtors				192
The balance sheet has not been adjusted to reflect transactions that have impacted on the bank balance but not yet been recorded in the ledger at the year end.				
2 Dr Property Plant & Equipment			65	
Cr Revaluation Reserve				65
The valuer has increased the value of ten garages (classed as investment properties) that has not been reflected in the balance sheet.				
3 Dr Unusable Reserves			112	
Cr Defined Benefit Pension Scheme				112
See notes below				

## Adjusted misstatements 2013/14

	CIES		Balance Sheet	
	Dr £000	Cr £000	Dr £000	Cr £000
1 Dr short term creditors			480	
Cr provisions				480
Provisions for NDR appeals were initially recorded as short term creditors, but the classification on the balance sheet has been amended.				

### Notes on unadjusted misstatement in respect of the pension liability

In their letter to us, the auditors of the North Yorkshire Pension Fund (Deloitte LLP) have highlighted that an overstatement of £6 million was identified between the extrapolated value of assets shown in the IAS 19 reports from the actuary and the actual value of the pension fund assets at 31 March 2014. This was calculated using a total scheme membership of 78,659 members as at 31 March 2014. For Craven District Council the share of this difference equates to £55,876. In addition, year end testing by Deloitte LLP showed that the actual value of pension fund assets

at 31 March 2014 was overstated by £5.3 million. The effect of this would be to increase the overstatement of the Council's share of pension fund assets. The cumulative impact of these overstatements is estimated in the table above. It is not material and the Council has decided not to adjust its accounts in relation to these issues.

## **Disclosure amendments**

Our review of the financial statements identified a number of disclosure errors. All, apart from those which are clearly trivial, have now been amended. The most significant of these are noted below.

- Note 16 Financial Instrument Balances – the disclosures for fair values initially included balances which are classed as cash and cash equivalents on the balance sheet, but it should include only long and short term investments.
- Note 16 Financial Instrument Balances – the debtors disclosures excluded the debtor in respect of Assets Held for Sale.
- Note 18 Short-Term Debtors – the debtor in respect of Non Domestic Rates was originally classed as Other Public Bodies, but it should have been Central Government Bodies.
- Note 32 Related Party Transactions – disclosures in respect of Members who are also Members of Yorkshire Dales National Park Authority had been omitted, and the grant paid to Craven Recycled Furniture Centre was incorrectly attributed to Settle-Carlisle Railway Development Company.

# 05 Value for money (VfM)

We are required to conclude whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do this by considering the Council's arrangements against two criteria specified by the Audit Commission:

- securing financial resilience – focusing on whether you are managing your financial risks to secure a stable financial position for the foreseeable future; and
- challenging how you secure economy, efficiency and effectiveness – focusing on whether you are prioritising your resources within tighter budgets and the need to improve productivity and efficiency.

In our Audit Strategy Memorandum we did not identify significant risks relevant to the VfM conclusion and we have completed our planned work. A summary of our findings for each criteria is set out below and we intend to issue an unqualified VfM conclusion as set out in Appendix B.

Criteria	Summary of findings	Conclusion
Financial resilience	<p>The Council's Performance Management Framework sets out the required processes, timescales and reporting arrangements for budget setting, medium term financial management and budgetary control. Structured quarterly monitoring reports bring together financial and performance data. VfM clinics, select committees and working groups all play their role in challenging reported information, and in supporting improvement.</p> <p>Financial strategies are aligned to priorities, and realistic assumptions underpin financial planning and established processes communicate budget priorities to staff and stakeholders. Risk registers are comprehensive and subject to detailed scrutiny by members – they adequately reflect the current financial position, expected future challenges, and the strategies in place to secure financial resilience.</p> <p>The Council does not rely on capital receipts or revenue reserves to balance the budget, and has managed to deliver spending within available resources over recent years. General Fund balances remain steady at over £1m and earmarked reserves have increased to almost £4m at 31 March 2014. Cash flow is proactively managed and the Council seeks external advice on investments, loan repayments and interest rates. CIPFA codes on treasury management are being complied with.</p>	Criteria met
Securing economy, efficiency and effectiveness	<p>High level benchmarking of costs per head of population is undertaken annually using CIPFA data, this helps to identify outliers for the purposes of developing savings plans and service review timetables. In terms of both overall net spend per head of population, and council tax levels however, the Council compares well with both neighbouring and similar sized authorities.</p> <p>Savings plans are updated each year following the budget consultation process, slippage against this plan is monitored and reported. Target savings for 2013/14 were exceeded, and much of the savings plan for 2014/15 is on track (approximately £400k of the £625k target is risk rated as green).</p> <p>The Council demonstrates a positive, but well balanced approach in relation to working with others with a number of shared services and outsourcing arrangements. The Council is also deploying technology to create efficiencies and savings with regard to purchasing and procurement. The medium and longer term financial strategies include exploring a number of income generation initiatives which will also address Council priorities and provide additional services for local people.</p>	Criteria met

# Appendix A – Draft management representation letter

**To:**

Mr Cameron Waddell  
Director  
Mazars LLP  
The Rivergreen Centre  
Aykley Heads  
Durham  
DH1 5TS

**Craven District Council – audit for year ended 31 March 2014**

This representation letter is provided in connection with your audit of the statement of accounts for Craven District Council for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

**My responsibility for the statement of accounts and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

**My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council that you determined necessary to contact in order to obtain audit evidence.

I confirm as s151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

**Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

**Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

## **Accounting estimates, including those measured at fair value**

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at fair value, are reasonable, including the following:

- I am satisfied that land and buildings included in the Council's statement of accounts, including investment properties and non current assets held for sale, have been classified and valued in accordance with Code requirements; and
- I am satisfied that adequate liabilities have been included for holiday pay and related employee entitlements.

## **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date. There are no additional contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. So far as I am aware there are no outstanding or unsettled claims against the Council in relation to equal pay and single status, or any other employment matters.

## **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom. We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## **Fraud and error**

I acknowledge my responsibility as s151 Officer, for the design, implementation and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud; and
- all knowledge of fraud or suspected fraud affecting the Council involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's statement of accounts communicated by employees, former employees, analysts, regulators or others.

## **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

### **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

### **Future commitments**

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities. There are no future obligations under leasing arrangements, so far as I am aware, other than those disclosed in the accounts.

### **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### **Unadjusted misstatements**

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully

Chief Finance Officer

# Appendix B – Draft audit report

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAVEN DISTRICT COUNCIL

### Opinion on the Authority financial statements

We have audited the financial statements of Craven District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of Craven District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

### Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Craven District Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

### Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

## **Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Respective responsibilities of the Authority and the auditor**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that, in all significant respects, Craven District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

## **Certificate**

We certify that we have completed the audit of the accounts of Craven District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

[Signature]

Cameron Waddell

For and on behalf of Mazars LLP

The Rivergreen Centre

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September 2014



# Appendix C – Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.