

Ryedale District Council

Annual Audit Letter

on the 2012/13 Audit

October 2013

Overview and Scrutiny Committee  
Ryedale District Council  
Ryedale House  
Malton  
North Yorkshire  
YO17 7HH

28 October 2013

Dear Sirs

We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the year ended 31 March 2013.

Although this letter is addressed to the members of Overview and Scrutiny Committee of Ryedale District Council ("the Authority"), it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk) and also on the Authority's website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

This letter has been discussed and agreed with the Corporate Director. A copy of the letter will be provided to all Members.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. Our aim is to deliver a high standard of audit which makes a positive and practical contribution which supports the Authority's own agenda. We recognise the value of your co-operation and support.



**Paul Thomson**

Engagement Lead

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# 1. Key messages

## Statement of Accounts

### Unqualified opinion issued on 27 September 2013

In 2012/13 the Authority was required to prepare its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 which resulted in a number of minor changes to accounting policies and disclosures.

The Statement of Accounts was prepared, audited and closed in accordance with the agreed timetable. The Authority achieved a good standard of financial reporting.

We issued an unqualified audit opinion on the Statement of Accounts on 27 September 2013.

## Value for money conclusion

### Unqualified opinion issued on 27 September 2013

We issued an unqualified value for money conclusion on 27 September 2013.

## Annual Governance Statement

### All relevant governance matters were adequately and appropriately disclosed

We considered the contents of the Annual Governance Statement and confirmed that the Statement adequately and appropriately disclosed all relevant governance matters arising in the year.

## Whole of Government accounts and audit certificate

### Confirmed no return required on 27 September 2013

The Whole of Government Accounts return was presented for audit by the deadline set by HM Treasury. We confirmed to the National Audit Office by 27 September 2013 that a return was not required for the Authority.

The certificate of completion of the audit was issued on 27 September 2013.

## Financial reporting systems

### No significant weaknesses noted

We did not identify any significant weaknesses in the financial reporting systems. We identified one control observation in our report presented to the Overview and Scrutiny Committee on 25 September 2013 which was considered to be minor.

## 2. Responsibilities and scope

### Responsibilities of the Authority and Auditors'

The Authority is responsible for maintaining the control environment and accounting records and for preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England, including District Councils.

As the Authority's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- the Authority's accounts; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

### The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on IFRS and other relevant legislation. We conducted our work on the value for money conclusion in line with guidance received from the Audit Commission in respect of local authorities for the financial year ended 31 March 2013.

# 3. The audit of the accounts

## Key issues arising from the audit of the accounts

### Statement of Accounts

#### Unqualified opinion issued on 27 September 2013

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report was discussed with the members of the Overview and Scrutiny Committee on 25 September 2013 and there were no significant issues to report. We issued an unqualified opinion on the Authority's 2012/13 accounts on 27 September 2013, in accordance with the deadline set for local authorities. Our opinion confirms that the accounts present a true and fair view of the financial position of the Authority and its income and expenditure for the year.

### Key issues from work performed on the Statement of Accounts

#### There were no misstatements noted that would impact net assets or the surplus on the provision of services

We received a complete set of draft accounts in advance of the agreed deadline, which were supported by working papers. The finance staff were helpful throughout the process and responded swiftly to all queries. This performance reflects well on the professionalism of the finance staff and their commitment to maintaining high-level controls over financial systems. There were no misstatements noted that would impact net assets or the surplus on the provision of services.

### Annual Governance Statement

#### The Statement includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements

As appointed auditors, we review the Annual Governance Statement ("AGS") and comment on any inconsistencies noted between the AGS and our audit work, other work relating to the Code of Audit Practice, and our understanding of the Authority's Governance arrangements. We have concluded that the Statement includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements and internal controls derived from our audit work.

### Whole of Government Accounts return

#### Confirmed no return required on 27 September 2013

For 2012/13 the National Audit Office set a de-minimis of £300 million income, expenditure, asset or liabilities as the threshold for issuing an opinion on the Whole of Government Accounts return. We confirmed to the National Audit Office by 27 September 2013 that on this basis a return was not required for the Authority.

### Audit Certificate

#### Issued on 27 September 2013

When our audit is complete we are required to certify the closure of the audit. The certificate was issued on 27 September 2013.

# 4. Value for money

## Background and approach

From 2010/11 the Audit Commission has introduced new requirements for local value for money (“VFM”) audit work at councils. This year, auditors were required to give their statutory VFM conclusion based on the following two criteria:

- proper arrangements for securing financial resilience: work to focus on whether the Authority has robust systems and processes to manage risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- proper arrangements for challenging how economy, efficiency and effectiveness are secured: work to focus on whether the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We have determined our local programme of work based on our risk assessment, which is informed by a series of risk factors determined by the Audit Commission.

It should be noted that the work carried out was light touch, in line with Audit Commission guidance, focusing on updating our understanding of arrangements and controls in place. As arrangements have previously been assessed as adequate and we are not aware of any changes, we did not carry out detailed testing of the implementation of those arrangements in the current year.

## The Vfm conclusion

Having performed our work in line with guidance received from the Audit Commission we issued an unqualified value for money conclusion for the 2012/13 financial year. This means that we are satisfied that, in the areas reviewed, the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources during the year.

During the course of our work, which focused on the risks identified by our risk assessment, we reviewed the response of the Authority to financial pressures and consider it to be appropriate. We also note that no matters of concern have been identified from the work of internal or external audit arising from reducing capacity as a result of reducing resources.

## Financial resilience

We have also considered the financial standing of the Authority as at 31 March 2013. We have assessed this based on current/on-going expenditure demands, expected income levels and the current cash position of the Authority. Following the Government's Comprehensive Spending Review in 2010 and subsequent local government finance settlements each year, the Authority is facing financial pressures over the next few years. In addition, the changes encompassed in the suite of new Acts – the Localism Act 2011, the Welfare Reform Act 2012 and the Local Government Finance Act 2012 - will put further strains on the planning and budgeting processes.

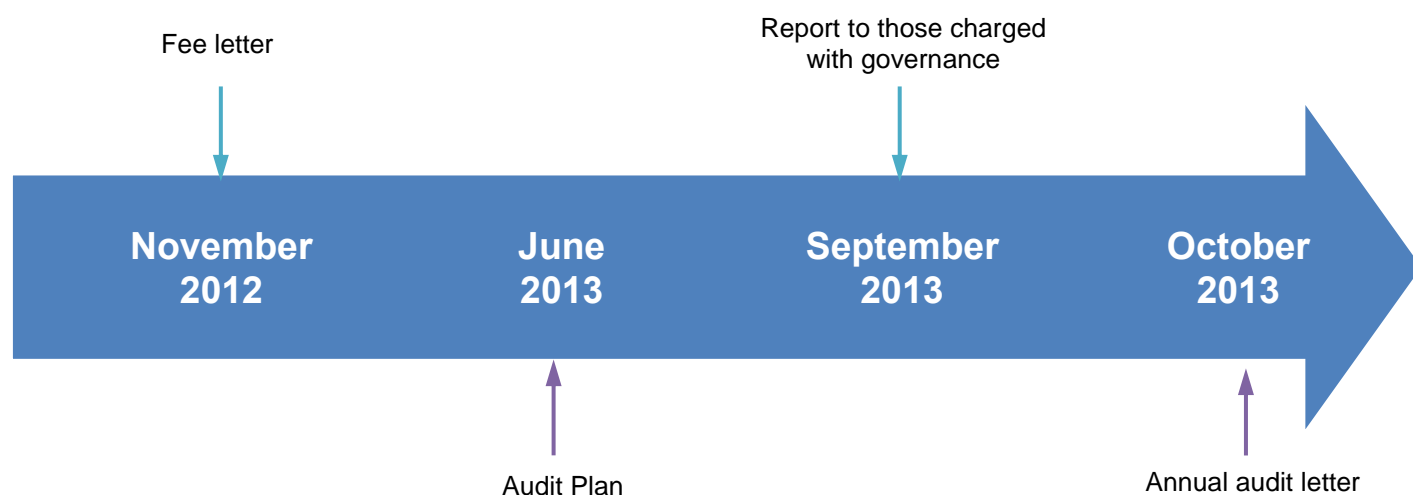
Whilst the Authority has coped well with previous government funding cuts, the anticipated future reductions in funding from 2015/16 onwards will be a significant challenge involving difficult decisions around resource prioritisation. Upon review of the medium term financial plan, Deloitte believe the response of the Authority to the financial pressures is considered to be appropriate.

# 5. Other matters

## Reports issued

Reports issued during the course of the 2012/13 audit included:

- Fee letter;
- Audit plan;
- Report to those charged with governance on the 2012/13 audit; and
- Annual audit letter.



## Analysis of audit fees

Audit fees charged are as follows:

	2013 £'000	2012 £'000
Total fees for the audit of the annual accounts and whole of government accounts return (excluding VAT)	55	91
Fees payable in respect of grants claims and returns of the authority (estimate)	19	20
<b>Total</b>	<b>74</b>	<b>111</b>

We have not performed any non-audit services in either the current or prior year.

## Grants

We have undertaken work during the year on two claims and returns made by the Authority. Our work on the 2012/13 certification of claims and returns is still on-going and a separate report will be prepared in respect of the findings from this work.

## Independence and objectivity

In our professional judgement, our policies and safeguards that are in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.



*The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.*

*The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the Audit Commission.*

*This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party since this report has not been prepared, and is not intended, for any other purpose.*

*An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.*

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