

# Tendring District Council

Year ending 31 March 2013

Annual Audit Letter

October 2013



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Audit Committee  
Tendring District Council  
Town Hall  
Station Road  
Clacton on Sea  
Essex, CO15 1SE

October 2013

Dear Members,

## **Annual Audit Letter**

The purpose of this Annual Audit Letter is to communicate to the Members of Tendring District Council 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 Tendring District Council in the following reports:

### **2012/13 Audit results report for Tendring District Council Issued 26 September 2013**

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

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

Yours faithfully

Neil Harris  
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 Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council 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 Council 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 Council 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 Tendring District Council for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland)	On 30 September 2013 we issued an unqualified audit opinion in respect of the Council.
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources.	On 30 September we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Council (the Audit Committee) communicating significant findings resulting from our audit.	On 26 September 2013 we issued and presented our report in respect of the Council to the Audit Committee.
Report to the National Audit Office on the accuracy of the consolidation pack the Council is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 30 September 2013.
Consider the completeness of disclosures in the Council'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.	We did not issue such a report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	We did not take such action
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.	On 30 September 2013 we issued our audit completion certificate.

Issue a report to those charged with governance of the Council summarising the certification (of grants claims and returns) work that we have undertaken.	We plan to issue our annual certification report to those charged with governance with respect to the 2012/13 financial year by 31 January 2014.
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## 1.1 Audit fees

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

	Planned fee	Scale fee	Final
Code audit work	£77,377	£77,377	£80,107
Certification of claims and returns	£24,500	£24,500	See note below
Non-Code work	Nil	N/A	Nil

Our final fee was slightly more than the planned fee as some additional work was required during the year, as set out in the June 2013 Audit Planning Report. We have agreed our final fee variation with the Finance and Procurement Manager (as Council's section 151 officer), which is also subject to Audit Commission approval.

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 by 31 January 2014.

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

## 2. Key findings

### 2.1 Financial statement audit

We audited the Council'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 30 September 2013.

In our view, the quality of the process for producing the accounts, including the supporting working papers was very good.

The main issues identified as part of our audit were:

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#### Significant risk 1: Risk of misstatement due to fraud and error

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We did not identify any material instances of fraud or error.

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#### Other key findings:

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Management have corrected all the misstatements we identified. None of the adjustments made impacted on the Council's useable reserves.

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### 2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Council 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 30 September 2013. Our audit did not identify any significant matters. We set out in our Audit Planning Board report in June 2013 additional work required before reaching our conclusion.

### 2.3 Objections received

No objections have been received in respect of the 2012/13 financial year.

### 2.3 Whole of government accounts

We reported to the National Audit office on 30 September 2013 the results of our work performed in relation the accuracy of the consolidation pack the Council is required to prepare for the whole of government accounts. We did not identify any areas of concern.



**2.4 Annual governance statement**

We are required to consider the completeness of disclosures in the Council'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.

**2.5 Certification of grants claims and returns**

We have not yet completed our work on the certification of grants and claims. We will issue the Annual Certification Report for 2012/13 in January 2014.

### 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 Council, as required, any significant deficiencies in internal control.

We had no such matters to report.

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