

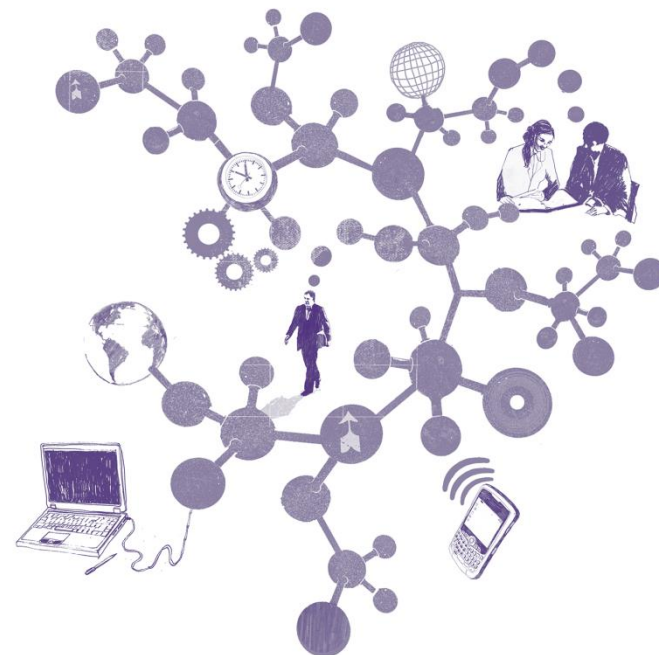
The Annual Audit Letter for Calderdale Metropolitan Borough Council

Year ended 31 March 2015

21 October 2015

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Contents

Section	Page
1. Key messages	3
Appendices	
A Key issues and recommendations	6
B Summary of reports and audit fees	7

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Calderdale Metropolitan Borough Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 5 March 2015 and was 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 and Public Sector Audit Appointments Limited.

Financial statements audit (including audit opinion)	<p>We reported our findings arising from the audit of the financial statements to the Audit Committee in our Audit Findings Report on 24 September. The key messages reported were:</p> <ul style="list-style-type: none">• the accounts and working papers were of good quality• finance staff responded promptly to our audit queries and enabled us to deliver the main audit fieldwork well ahead of the deadline of 30 September 2015• the audit did not identify any material misstatements <p>We reported a small number of amendments relating to:</p> <ul style="list-style-type: none">• the overstatement of both grant income and expenditure by £2 million, mainly relating to schools• the understatement of Property, Plant and Equipment by £0.6 million. <p>We made recommendations to address the issues identified above and these are included in Appendix A</p> <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 25 September 2015, meeting the deadline set by the Department for Communities and Local Government.</p> <p>Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
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Key messages continued

Value for Money (VfM) conclusion	<p>Auditors are required to give their VfM conclusion based on the following two criteria:</p> <ul style="list-style-type: none">• 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. <p>During the course of our work we reviewed the response of the Council to financial pressures, through its Medium Term Financial Strategy and consider it to be appropriate. We also reviewed the Council's progress in addressing the Direction Notice issued by the Secretary of State. This required the Council to improve the leadership and direction given to Calderdale Children's Social Services and address the issues identified in successive OFSTED reports. Our work reviewed the recent OFSTED report which concluded that whilst the Council's Children's Services and the Local Safeguarding Children's Board still required improvement they were no longer 'inadequate'.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p> <p>We issued an unqualified VfM conclusion for 2014/15 on 25 September 2015.</p>
Whole of Government Accounts	<p>The Whole of Government Accounts consolidation return was presented for audit on 2 September 2015. We audited the consolidation return and following a number of amendments to the return we were able to submit our assurance statement to the National Audit Office on 28 September, and report that the Council's consolidation return was consistent with the audited financial statements.</p>
Certificate	<p>We have not yet issued a certificate closing the audit for 2014/15. We cannot formally conclude the audit and issue an audit certificate until we have completed our consideration of matters brought to our attention by local authority electors. We are satisfied that these matters do not have a material effect on the financial statements or a significant impact on our value for money conclusion.</p>

Key messages continued

Audit fee	<p>Our audit fee for 2014/15 was £164,555, whilst the fee for the certification of the Housing Benefit return was £21,280 (excluding VAT) Our fees were in line with our planned fees for the year and further details are included at Appendix B.</p> <p>The audit fee excludes any additional fees relating to our consideration of matters raised by the public which we will report separately as our work progresses.</p>
Grant Certification work	<p>Our work on certification of the claim for Housing Benefit Subsidy for 2014-15 (the only remaining claim at the Council within the scope of the Audit Commission/PSAA certification framework) is on going. Our work to date has not identified any significant issues to highlight in this Letter. The deadline for the certification of this claim is 30 November 2015.</p> <p>In addition, at the Council's request, we are planning to audit the Teachers' Pension Return during November 2015.</p>

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p>Property Plant and Equipment (PPE) had been understated. The Asset Register had not been updated for all revaluations carried out by the Valuer.</p> <p>Recommendation: In line with our recommendation raised in the previous year, finance staff should formally document the reconciliation performed between the valuer's list of valuation changes and the asset register to ensure accuracy and completeness.</p>	High	<p>Accepted The exercise carried out in response to the audit request this year will be carried out as part of the closedown process in future.</p> <p>Responsible officer: Capital Accountant Due date: 31 May 2016</p>
2.	<p>Retained PPE valuations. There was no formal documentation of the finance team's assessment of the assumptions that the value of assets not covered by the revaluation were not materially different from the fair value.</p> <p>Recommendation: In line with our recommendation raised in the previous year, finance staff should formally document their consideration of evidence used to satisfy themselves that the valuation of non revalued assets are not materially different from fair value.</p>	High	<p>Accepted We will document our consideration of evidence supplied by the Valuer in support of their assessment of valuation changes within major asset classes where the assets themselves have not been subject to formal revaluation during the year.</p> <p>Responsible officer: Capital Accountant Due date: 31 May 2016</p>
3.	<p>Grant Income and Expenditure had been overstated. The duplication of a transaction had led to double counting</p> <p>Recommendation: The Schools team should review the systems and processes for receipting schools grant income, to ensure double counting is not a risk in the future. The team should draw up a working paper reconciling grant notifications to sums recorded in the financial ledger.</p>	High	<p>Accepted This will be carried out as part of the year end closedown exercise.</p> <p>Responsible officer: Schools Finance Manager Due date: 31 May 2016</p>
4.	<p>Confirmation of Schools Grant Income. The Finance team need to ensure Schools Grant Income is correctly identified and classified</p> <p>Recommendation: Finance staff should ensure that schools grant income has been reviewed by a senior member of finance staff who has checked the amounts in the accounts back to grant notifications.</p>	High	<p>Accepted This will be requested as part of the closedown working papers.</p> <p>Responsible officer: Senior Finance Manager Due date: 31 May 2016</p>

Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Council audit	164,555	164,555
Housing benefit grant certification fee	21,280	21,280
Total audit fees	185,835	185,835

The above fees exclude any additional fees relating to our consideration of matters raised by the public.

Fees for other services

Service	Fees £
Audit related services	
• Teachers Pensions – Reasonable Assurance Return	4,200
Non-audit related services	
• None	Nil

Reports issued

Report	Date issued
Audit Plan	5 March 2015
Audit Findings Report	24 September 2015
Audit opinion and VFM conclusion	25 September 2015
Whole of Government Accounts return	28 September 2015
Annual Audit Letter	16 October 2015



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