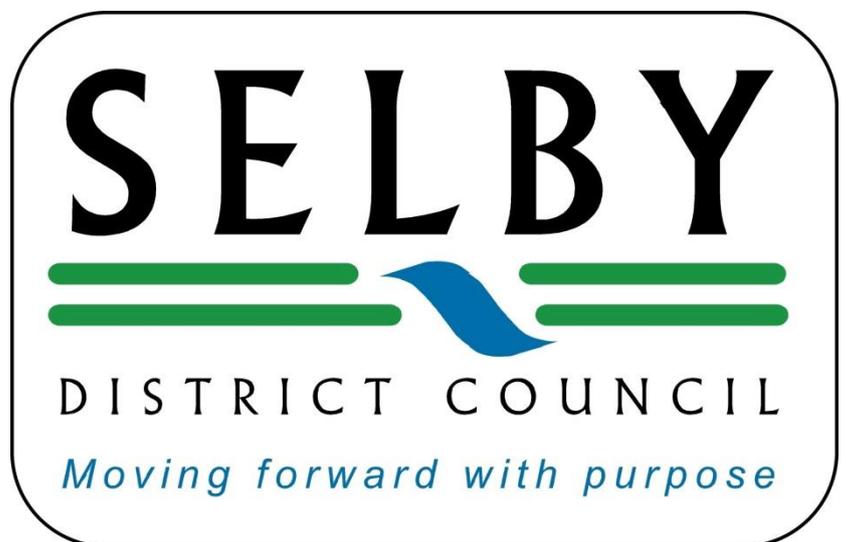


Annual Audit Letter 2013/14

Selby District Council



October 2014

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Members
Selby District Council
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10 October 2014

Dear Members

Annual Audit Letter 2014

We are delighted to present to you the Council's Annual Audit Letter.

We carried out the audit in accordance with the Code of Audit Practice for Local Government bodies as issued by the Audit Commission and delivered all expected outputs in line with the timetable established by the Accounts and Audit Regulations 2011 and the National Audit Office.

2013/14 has been another challenging year for the Council and like most other authorities in the North East and across the country Selby District Council has faced difficult decisions on its spending priorities and plans for the future. We reflect on these matters in the value for money part of this letter. However, we were pleased to issue an unqualified opinion on the statement of accounts and value for money conclusion.

I would like to express my thanks for the assistance of the Council's finance team, as well as senior officers and the Audit Committee, during the audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6300 or cameron.waddell@mazars.co.uk.

Yours faithfully

Cameron Waddell
Mazars LLP

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Our reports are prepared in the context of the Audit Commission’s ‘Statement of responsibilities of auditors and audited bodies’. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

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01 Overall messages

Purpose of this letter

Our Annual Audit Letter provides a summary of our work and findings for the 2013/14 audit period for Member and other interested parties.

In addition to the summary outlined in this letter, our Audit Completion Report that we presented to the Council's Audit Committee on 24 September 2014 provides a more detailed analysis of the work we have undertaken as the Council's external auditor in 2013/14.

Our audit of the statement of accounts

We issued an audit report including an unqualified opinion on the Council's statement of accounts on 25 September 2014.

The production of the statement of accounts is a significant technical challenge involving a great deal of work by the Council's officers. We appreciate the cooperation of management and the patience, courtesy and assistance shown to us in the completion of our work. The working papers supporting the statement of accounts were of good quality and officers were responsive in following up the queries we raised.

Our main findings from the audit were:

- There were a number of agreed amendments to the financial statements;
- There were a small number of unadjusted misstatements where errors were not material;
- We identified the need to strengthen the process for capital accruals, and improve the frequency and scope of systems reconciliations, and appropriate action has been agreed with officers; and
- The overall quality of the final statement of accounts was good.

Our Value for Money conclusion

We performed our work in line with the Audit Commission's Code of Audit Practice for Local Government bodies and the Commission's guidance for 2013/14. Our audit report included a conclusion that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Our work in this area focussed on the two criteria specified by the Audit Commission, and considered whether the Council had proper arrangements for:

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

Financial Resilience

The Council has managed its financial position well. Budget setting is robust and close monitoring ensured delivery of spending within budget. The outturn report for 2013/14 shows that the Council underspent against budget by £0.8 million for the General Fund and £0.2 million for the Housing Revenue Account. There was some slippage in the capital programme and this is being carried forward into 2014/15.

The latest VFM profiles, produced by the Audit Commission, show the General Fund Balance was close to the average for similar authorities, and that earmarked reserves are relatively high. These earmarked reserves are set aside for specific plans and projects and will help the Council manage the financial challenges it faces over the next few years.

The Council is financially resilient. The Medium Term Financial Strategy sets out how the Council proposes to deal with the difficult economic climate and the cuts in funding. The Council has considered the impact of the retention of business rates and localisation of council tax support, and is monitoring these areas closely.

Securing economy, efficiency and effectiveness

In recent years, the Council has made significant changes to secure its future viability. It has reorganised into a democratic core, Access Selby and Communities Selby. The core commissions services and provides democratic accountability, Access Selby is a service delivery arm but with an ambition to improve service delivery for residents and develop more commercial expertise. Communities Selby is about being closer to the local community and maximising the return for residents through partnership working with the voluntary sector and others.

The Council have made good progress in the innovative collaborative arrangement with North Yorkshire County Council. The new joint post of Chief Executive for Selby District Council and Assistant Chief Executive for North Yorkshire County Council has been filled by Mary Weastell. The joint post has been successful in aiding the implementation of joint working projects. For example, the registry office relocating to Selby District Council Civic Centre, new shared telephony system and other projects bringing efficiencies and savings for both Local Authorities.

The Selby District Housing Trust has been set up and the building of affordable housing is underway.

The re-building of Abbey Leisure Centre is underway and on track to be completed by early 2015. The Council are taking advantage of the development and are looking to bring additional leisure facilities to the district.

Whole of Government Accounts (WGA)

We provide assurance to the National Audit Office (NAO), as the auditor of central government departments, in relation to the consistency of the Council's WGA consolidation pack with the audited statement of accounts. As the Council's activity is below the threshold set by the NAO for a full review of WGA, the procedures we were required to carry out were limited to consideration of Property, Plant and Equipment and pensions entries. We reported to NAO on 25 September 2014, highlighting one non material difference between the WGA consolidation pack and the audited statement of accounts.

Our other responsibilities

As the Council's appointed external auditor, we have other powers and responsibilities as set out in the Audit Commission Act 1998. These include responding to questions on the accounts raised by local electors as well as a number of reporting powers such as reporting in the public interest. We did not receive any questions or objections in relation to the Council's 2013/14 accounts from local electors, nor did we exercise our wider reporting powers.

02 Fees

As outlined in our Audit Strategy Memorandum presented to the Audit Committee on 16 April 2014, the Audit Commission sets a scale fee for our audit and certification work. The fees applicable to our work in 2013/14 are summarised below.

Element of work	As previously reported	Final Fee
Code audit work ¹	£58,710	£59,180
Certification work ²	£15,796	£20,796
Non-audit work	£0	£0
Total	£74,506	£79,976

¹ There has been an increase in fees for Code audit work since we reported to you in our Audit Strategy Memorandum in April 2014. This increase in fee has arisen because the Audit Commission no longer makes certification arrangements for the NNDR 3 return and, as a result we have had to undertake additional audit testing to obtain suitable assurance over relevant entries in the Council's accounts. This assurance would have previously been obtained from work to certify the NNDR 3 return. The Audit Commission advised all audit suppliers of the expected additional fees arising from this additional work and I can confirm that the additional fee we have charged of £470 is in line with that prescribed by the Audit Commission.

² The previously reported fee is the fee reported to the Audit Committee in June 2014. This reduced from the original estimate of £17,900 reported in the Audit Strategy Memorandum, due to the removal of council tax benefits from the scope of this work. The final fee of £20,796 outlined above in relation to certification work is an estimate as we are yet to complete our work on certifying the Council's Housing Benefit claim. This is based on the estimated additional fee of £5,000 reported to the Audit Committee in June 2014, to reflect additional work required as a result of errors in the initial testing of benefits. We will confirm the final fee charged for certification work when we issue our Certification Report.

We confirm that we did not undertake any non-audit work during the year.

03 Future challenges

The main challenge facing the Council, along with other local authorities and the wider public sector, is the continued pressure on the public purse and the need to plan for further reductions in funding and fewer overall resources, coupled with increased demand for services.

In our comments earlier in this report, we summarised how the Council has dealt with these challenges so far, its existing financial resilience and its plans for the future, including initiatives such as working together with North Yorkshire County Council.

There are still risks with these and the other initiatives the Council is engaged in, but progress to date has been good. It is important that the Council continues to closely monitor the progress of its key projects and initiatives to ensure that the benefits envisaged are delivered for the Council and its residents.

We will focus our 2014/15 audit on the risks that these challenges present to the Council's financial statements and its ability to maintain proper arrangements for securing value for money.

We will also share with the Council 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.

In terms of the technical challenges that officers face around the production of the statement of accounts, we will continue to work with officers to share our knowledge of new accounting developments, and we will be on hand to discuss any issues with officers as and when they arise.

Should you require any further information on this letter or on any other aspects of our work, please contact:

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