

APPENDIX A

Annual Audit Letter

Central Bedfordshire Council

6 October 2014



Building a better
working world

The Members
Central Bedfordshire Council
Priory House
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6 October 2014

Dear Members,

Annual Audit Letter


The purpose of this Annual Audit Letter is to communicate to the Members of Central Bedfordshire 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, the Audit Committee, in our Audit Results Report dated 22 September 2014.

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

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

Yours faithfully



Mick West
Director
For and behalf of Ernst & Young LLP
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Executive summary

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan we issued on 5 March 2014 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 Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period. The Authority 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 Authority has in place to secure economy, efficiency and effectiveness in its use of resources
- ▶ 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 Central Bedfordshire Council for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK & Ireland)	On 29 September 2014 we issued an unqualified audit opinion in respect of the Authority.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 29 September 2014 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Audit Committee) communicating significant findings resulting from our audit.	On 22 September 2014 we issued our report in respect of the Authority.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 29 September 2014.
Consider the completeness of disclosures in the Authority'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.	No issues to report.

Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act 1988.

No issues to report

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 29 September 2014 we issued our audit completion certificate.

Issue a report to those charged with governance of the Authority summarising the certification (of grant claims and returns) work that we have undertaken.

We issued our 2012-13 annual certification report on 19 December 2013.

Key findings

Financial statement audit

We audited the Authority'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 auditor's report on 29 September 2014.

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

The main issues identified as part of our audit were:

Significant risk : Risk of misstatement due to fraud and error as a result of management override

This is a general risk we consider for the public sector bodies we audit. We obtained assurance that the risk of material misstatement due to fraud and error had been mitigated

Other key findings: Changes in how the Council must account for business rates from 2013-14 following the localisation of the scheme

The calculation of the provision for unsettled appeals by business ratepayers did not include any provision for successful appeals which may be backdated. As a result the Collection Fund provision was increased by £1.9m to £3.2m.

Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Authority 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 2013-14 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience
- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness

We issued an unqualified value for money conclusion on 29 September 2014. We noted the following issues as part of our audit.

Key finding: Financial Resilience

The Council has a good track record of financial management in terms of delivering planned savings and efficiencies and our review of recent budgetary reports confirms that the Council's performance is being maintained.

Key finding: Economy, efficiency and effectiveness

The Council's performance on the speed of processing benefits claims has improved significantly in the past year. To reduce the number of cases where benefits are assessed incorrectly, the Council has continued to provide training to benefits staff including some ad-hoc training for staff dealing with some of the more complex claims.

Whole of Government Accounts

We reported to the National Audit office on 29 September 2014 the results of our work performed in relation the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government accounts. We did not identify any areas of concern.

Annual Governance Statement

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

Certification of grants claims and returns

We presented our Annual Certification Report for 2012-13 to the 13 January 2014 Audit Committee. We checked and certified one claim and three returns with a total value of £156m. We issued qualification letters drawing attention to errors in one claim and one return. We will issue the Annual Certification Report for 2013-14 in December 2014.

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 control we were required to communicate to those charged with governance at the Authority, the Audit Committee, significant deficiencies in internal control.

We found no deficiencies during the audit that were of sufficient importance to merit being reported.

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