



The Annual Audit Letter for Plymouth City Council

Year ended 31 March 2014

October 2014

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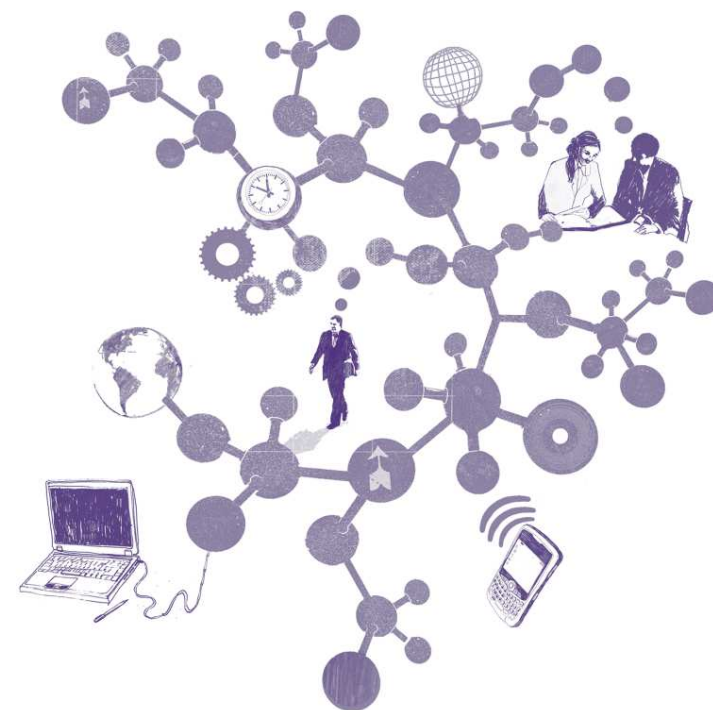
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Plymouth City Council ('the Council') for the year ended 31 March 2014.

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 June 2014 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.

Financial statements audit (including audit opinion)	<p>We reported the findings arising from our audit of the financial statements to the Audit Committee in our Audit Findings Report on 25 September 2014. The key messages reported were:</p> <ul style="list-style-type: none">• The Council prepared its financial statements ahead of the National timetable (30 June 2014) and made a full set of working papers available to us at the start of the audit, in the week commencing 16th June 2014, which was two weeks earlier than the previous year.• Only a small number of adjustments to the Council's draft financial statements were made as a result of our audit and we did not identify any material errors. Overall, the standard of the Council's financial statements were consistent with the previous year and their content and layout had been significantly improved. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 29 September 2014, meeting the deadline set by the Department for Communities and Local Government. 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>
Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2013/14 on 29 September 2014.</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 2014.</p>

Key messages

Whole of Government Accounts	<p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. The Council made a number of minor adjustments to its draft financial statements which made this exercise more difficult and time consuming than in previous years.</p> <p>Nevertheless, we were able to report that the Council's pack was consistent with the audited financial statements.</p>
Certification of grant claims and returns	<p>As noted in our certification plan, there is only one return applicable to Plymouth City Council in 2013/14. This is for Housing Benefits and the deadline for the completion of this work is 30 November 2014. We will report our findings to the Council once this work has been completed.</p>
Audit fee	<p>Our fee for 2013/14 was £181,428, excluding VAT, which was in line with our planned fee for the year. Further detail is included within appendix B.</p>

Appendix A: Key issues and recommendations

This appendix summarises the significant recommendations made during the 2013/14 audit. These have been agreed with the Council and were included in our Audit Findings Report.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p>The Council made a number of minor adjustments to its draft financial statements after the audit commenced.</p> <p>Recommendation: Once the draft financial statements have been prepared, no amendments should be made until the audit has been completed.</p>	High	<p>Management response: Agreed</p> <p>Responsible officer: Lead Accountant – Technical Finance</p> <p>Due date: April 2015</p>
2.	<p>Journals are not appropriately approved before being processed.</p> <p>Recommendation: The Council should introduce a sample-based approach to journal review and authorisation, covering all journals.</p>	High	<p>Management response (1): Internal Audit carry out an annual testing of a sample of journals as part of their work.</p> <p>Finance will introduce its own random sample of journals to test accuracy, plus any individual journal entry over £500,000 will be authorised by Head of Corporate Strategy or Head of Finance Operations.</p> <p>Responsible officer: Head of Corporate Strategy</p> <p>Due date: October 2014</p> <p>Management response (2): Looking ahead, the Council is upgrading its finance system which should incorporate an alert mechanism that automatically identifies unusual journals that fall outside prescribed parameters. These alerts will then be reviewed by finance management.</p> <p>Responsible officer: Lead Accountant – Technical Finance</p> <p>Due date: April 2015</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Council audit	181,428	181,428
Grant certification	23,302	TBC
Total audit fees	204,730	TBC

Our certification work will not be completed until November 2014. We will advise the Council's Audit Committee of the final fee for this work at that time.

There is an additional fee of £1,080 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for Unitary Authorities and is subject to agreement by the Audit Commission.

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan (including interim audit work)	June 2014
Audit Findings Report	September 2014
Certification Plan	September 2014
Annual Audit Letter	October 2014
Certification Report	Due December 2014



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