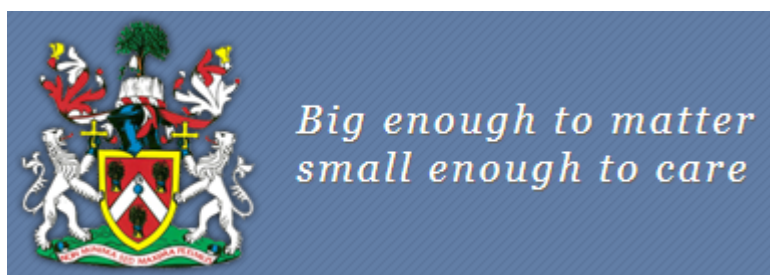


Audit Completion Report

Great Aycliffe Town Council – year ended 31 March 2016

July 2016



Mazars LLP
The Rivergreen Centre
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Durham
DH1 5TS

Great Aycliffe Town Council
Council Offices
School Aycliffe Lane
Newton Aycliffe
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06 July 2016

Dear Members

Audit Completion Report – Year ended 31 March 2016

We are delighted to present our Audit Completion Report for the year ended 31 March 2016. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and areas of management judgement, was outlined in the Audit Strategy Memorandum which we presented on 07 April 2016. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and areas of management judgement remain appropriate.

We would like to take this opportunity to express our thanks to your officers for their assistance during the course of our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6314 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 Statement of responsibilities of auditors and audited bodies issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and we take no responsibility to any member or officer in their individual capacity or to any third party.

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01 Executive summary

Purpose of this document

This document has been prepared to communicate the findings of our audit for the year ended 31 March 2016 to the members of Great Aycliffe Town Council (the Council) and forms the basis for discussion at the Council meeting on 13 July 2016.

Our communication with you is important to:

- share information to assist both the auditor and those charged with governance to fulfil our respective responsibilities;
- provide you with constructive observations arising from the audit process;
- ensure, as part of the two-way communication process, we gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Council; and
- receive feedback from yourselves as to the performance of the engagement team.

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK and Ireland) which means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement. Section 2 of this report includes our conclusions on the significant risks and areas of management judgement that we set out in our Audit Strategy Memorandum.

We also set out details of internal control recommendations in section 2 and a summary of misstatements discovered as part of the audit in section 3.

Status and audit opinion

We have substantially completed our audit of the financial statements for the year ended 31 March 2016.

At the time of preparing this report, there are no significant matters outstanding and we anticipate:

- issuing an unqualified opinion, without modification, on your statement of accounts; and
- concluding that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

Our proposed audit report is set out in Appendix B.

02 Significant findings

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding the significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 5 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and
- any internal control issues.

Significant risks

Management override of controls

Description of the risk

International Standards on Auditing (ISA) 240 – The auditor’s responsibility to consider fraud in an audit of financial statements requires us to consider the potential for management override because controls that may be sufficient to detect error may not be effective in detecting fraud. In all entities, management at various levels is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- accounting estimates impacting amounts included in the financial statements;
- consideration and review of unusual or significant transactions outside the normal course of business; and
- journal entries recorded in the nominall ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any issues to bring to your attention.

Operational fixed assets – accounting for revaluations and impairments

Description of the risk

The Council has undertaken a revaluation of its land and buildings during 2015/16. The accounting entries to reflect these revaluations are potentially complex, increasing the risk of error in the financial statements.

How we addressed this risk

We addressed this risk through review of the detailed revaluation entries included in the financial statements.

Audit conclusion

Our audit work provided the assurance that we sought.

Whilst preparing the initial entries, management identified an error in respect of a previous accounting period. This error was initially thought to be material and hence the first draft of the financial statements included a prior period adjustment. It has subsequently been established that the error is not material and hence no prior period adjustment should be made. The financial statements have been amended accordingly.

Accounting policies and disclosures

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2015).

Accounting policies are in line with those set out in the Standard, appropriately tailored to the Council's circumstances. In line with our expectations, there are no significant changes in the accounting policies for 2015/16.

There remain a number of accounting policies, notes and disclosures in the accounts that, although providing greater detail and clarity, are arguably superfluous and relate to non-material items and therefore could be removed from the financial statements.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Electors' rights to inspect the accounts

The Accounts and Audit (England) Regulations 2015 ('the regulations'), introduced new requirements in respect of publishing the financial statements and the period within which local electors may raise questions on the financial statements or make an objection to an item of account. For 2015/16 the Council set this period as 3rd June 2016 to 14th July 2016. We have received no questions or objections.

Internal control

The purpose of our audit of the accounts is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements, in order to design audit procedures to allow us to express an opinion in the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control.

Any matters reported would be limited to those deficiencies and other control recommendations that we have identified during our audit and that we consider are of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have highlighted more deficiencies to be reported.

There are no specific weaknesses in internal control to bring to your attention.

03 Summary of misstatements

We set out below the misstatements identified for adjustment during the course of the audit that are above the trivial level we have set.

Adjusted misstatements 2015/16

		CIES		Balance Sheet	
		Dr £'000	Cr £'000	Dr £'000	Cr £'000
1	Dr: Depreciation - Vehicles, plant and machinery			6	
	Cr: Gross Book value - Vehicles, plant and machinery				6
	Asset scrapped in the year not treated as a disposal				
2	Dr: Reserves – General Fund Balance			2	
	Cr: Earmarked Reserves – Budget Support Fund				2
	Agreed late transfer between reserves not reflected in the draft accounts.				

Unadjusted misstatements

There are no misstatements highlighted during the audit that have not been corrected in the final version of the financial statements.

Disclosure amendments

During our review of the financial statements and other information we identified a small number of disclosures which required amendment or adjustment and these were actioned during our audit. Amendments were minor in nature, mainly covering amendments to accounting policies and re-inclusion of note 15 members allowances which had been excluded in error.

The Income and Expenditure Account, Statement of Total Recognised Gains and Losses and Balance Sheet have been revised as a result of the removal of the no longer required prior period adjustment.

In overall terms we feel there is further scope to remove some superfluous information and accounting policies that are not required to be disclosed.

04 Value for money

We are required to conclude whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We undertook our work in this area in accordance with the guidance set out by the National Audit Office (NAO) by considering one overall criterion which is made up of three sub-criteria as set out in the table below.

As part of our work we also:

- reviewed your annual governance statement;
- considered the work of other relevant regulatory bodies or inspectorates, to the extent that the results of the work had an impact on our responsibilities; and
- carried out further risk based work we determined appropriate.

The overall criterion set out by the NAO is:

'In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.'

Sub-criteria	Aspect	Commentary
Informed decision-making	Acting in the public interest and applying the principles and values of sound governance.	Strong governance arrangements in place which include appropriate policies, financial regulations and codes of conduct.
	Understanding and using appropriate and reliable financial and performance information	Strategic aims and targets are set out in the annual Service Delivery Plan which is supported by Service Plans for each service area.
	Reliable and timely financial reporting that supports the delivery of strategic priorities.	The Service Delivery Plan sets strategic aims and targets for the Council which are monitored and reviewed throughout the year by senior officers and the Review Sub Committee,
	Managing risks effectively and maintaining a sound system of internal control.	The Council has strong budget monitoring and reporting arrangements in place, supported by robust policies and practices. Risk Management Strategy in place, key risks are included in the Corporate Risk Register which is reviewed and updated on a quarterly basis. Sound system of internal control in place.
Sustainable resource deployment	Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.	Five year Medium Term Financial Plan (MTFP) which is reviewed and updated annually. The MTFP is closely aligned with the Council's strategic and service aims and targets, including the Parish Performance Plan.
	Managing and utilising assets effectively to support the delivery of strategic priorities.	Asset Management Plan, updated every year setting out the estimated capital investment required over the next ten years.
	Planning, organising and developing the workforce effectively to deliver strategic priorities.	Detailed staffing structures and budgets are in place, and future staffing requirements are a key consideration in the Medium Term Financial Plan.

Sub-criteria	Aspect	Commentary
Working with partners and other third parties	Working with third parties effectively to deliver strategic priorities. Commissioning services effectively to support the delivery of strategic priorities. Procuring supplies and services effectively to support the delivery of strategic priorities.	Some partnership arrangements are in place principally working with other local authorities

We intend to issue an unqualified Value for Money conclusion as set out in Appendix B.

Appendix A – Draft management representation letter

To be provided by Great Aycliffe Town Council to us on client headed note paper. It should be signed and dated as close to (but not after) the date of the audit report as possible.

Mr Cameron Waddell
Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

Great Aycliffe Town Council - audit for year ended 31 March 2016

This representation letter is provided in connection with your audit of the statement of accounts for Great Aycliffe Town Council ('the Council') for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the Financial Reporting Standard for Smaller Entities (Effective January 2015).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the Financial Reporting Standard for Smaller Entities (Effective January 2015).

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Finance Manager that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and management meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Financial Reporting Standard for Smaller Entities (Effective January 2015) and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Financial Reporting Standard for Smaller Entities (Effective January 2015).

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Finance Manager for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's statement of accounts communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2015).

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Financial Reporting Standard for Smaller Entities (Effective January 2015) require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Yours sincerely

Dan Austin

Finance Manager

Date

Appendix B – Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT AYCLIFFE TOWN COUNCIL

Opinion on the Council financial statements

We have audited the financial statements of Great Aycliffe Town Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the Income and Expenditure Account, the Statement of Movement on Reserves, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015).

This report is made solely to the members of Great Aycliffe Town Council in accordance with Part 5 of the Local Audit and Accountability Act 2014, and paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of Great Aycliffe Town Council, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Finance Manager and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Finance Manager is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the Financial Reporting Standards for Smaller Entities (effective January 2015) and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Finance Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword and the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Great Aycliffe town Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2015).

Opinion on other matters

In our opinion, the information given in the Explanatory Foreword and the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- we issue a report in the public interest under section 24, schedule 7 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24, schedule 7 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Council and the auditor

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office, requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the National Audit Office.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required to conclude whether the Council has put in place arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have planned and undertaken our work in accordance with the Code of Audit Practice as issued by the National Audit Office and had regard to relevant guidance. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office, we are satisfied that, in all significant respects, Great Aycliffe Town Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

[Signature]

Cameron Waddell

For and on behalf of Mazars LLP

The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS
July 2016

Appendix C – Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.