

# Annual Audit Letter

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**Great Aycliffe Town Council**

**Audit 2009/10**

**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

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# Key messages

**This report summarises my findings from the 2009/10 audit. My audit comprises two elements: the audit of your financial statements (page 5); and my assessment of your arrangements to achieve value for money in your use of resources (page 6).**

## **Audit opinion and financial statements**

**1** I issued my audit report including an unqualified opinion on the Council's 2009/10 financial statements on 29 September 2010.

## **Value for money**

**2** I issued an unqualified VFM conclusion stating that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

## **Current and future challenges**

**3** The economic downturn has had an impact on local communities and there are further challenges that will have a continuing impact. The Government's October 2010 comprehensive spending review has set out an unprecedented level of cuts in public spending.

**4** The Council's financial position and governance arrangements mean that it is relatively well placed to meet the future challenges. However, there is likely to be an impact on overall public sector provision within the Council's communities and there may be difficult challenges and decisions for Members.

# Financial statements and annual governance statement

**The Council's financial statements and annual governance statement are an important means by which it accounts for its stewardship of public funds. I gave an unqualified opinion on the Council's 2009/10 financial statements on 29 September 2010, within the statutory target date.**

## **Overall conclusion from the audit**

- 5** I issued my audit report including an unqualified opinion on the Council's 2009/10 financial statements on 29 September 2010.
- 6** The Council produced good quality draft accounts, and my audit did not highlight any material errors or misstatements.
- 7** I did not identify any significant weaknesses in your internal control arrangements.

# Value for money

**I considered whether the Council is managing and using its money, time and people to deliver value for money.**

**I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.**

## VFM conclusion

**8** I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

**9** This is a summary of my findings.

Criteria	Adequate arrangements?
<b>Managing finances</b>	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
<b>Governing the business</b>	
Good governance	Yes

**10** I issued an unqualified conclusion stating that the Council had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources.

## Current and future challenges

**11** The economic downturn has had an impact on local communities and there are further challenges that will have a continuing impact. The Government's October 2010 comprehensive spending review has set out an unprecedented level of cuts in public spending.

**12** The Council's financial position and governance arrangements mean that it is relatively well placed to meet the future challenges. However, there is likely to be an impact on overall public sector provision within the Council's communities and there may be difficult challenges and decisions for Members.

## Closing remarks

**13** I have discussed and agreed this letter with the Town Clerk, and a copy of the letter will be provided to all Members.

**14** Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Council during the year.

Report	Date issued
Fee letter	April 2009
Opinion audit plan	June 2010
Annual governance report	September 2010
Opinion on the financial statements	September 2010
Value for money conclusion	September 2010
Annual audit letter	November 2010

**15** The Council has taken a positive and helpful approach to our audit. I wish to thank the Council and its officers for their support and cooperation during the audit.

Gavin Barker  
Senior Audit Manager and Engagement Lead  
November 2010



# Appendix 1 – Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	12,950	12,950	0
Value for money	1,650	1,650	0
Total audit fees	14,600	14,600	0
Non-audit work	0	0	0
Total	14,600	14,600	0

## Appendix 2 – Glossary

### **Annual governance statement**

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

### **Audit opinion**

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and,
- whether they have been prepared properly, following the relevant accounting rules.

### **Financial statements**

The annual accounts and accompanying notes.

### **Qualified**

The auditor has some reservations or concerns.

### **Unqualified**

The auditor does not have any reservations.

### **Value for money conclusion**

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

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Audit Commission

1st Floor  
Millbank Tower  
Millbank  
London  
SW1P 4HQ

Telephone: 0844 798 3131

Fax: 0844 798 2945

Textphone (minicom): 0844 798 2946