

Annual Audit Letter to:
Great Aycliffe Town Council



Audit 2013/14

July 2014



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01

Key messages

This Annual Audit Letter summarises the findings from our 2013/14 audit of Great Aycliffe Town Council (the Council).



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July 2014

Mr A Bailey
Town Clerk
Great Aycliffe Town Council
Council Offices
School Aycliffe Lane
Newton Aycliffe
DL5 6QF

Dear Mr Bailey

Annual Audit Letter 2013/14

We have completed our 2013/14 audit and I am delighted to present to you our Annual Audit Letter for Great Aycliffe Town Council (the Council). The purpose of this document is to summarise the outcome of our audit of the Council's annual accounts and our work on the value for money (VfM) conclusion.

I 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 agreed timetables.

I would like to express my thanks for the continuing assistance from officers and councillors during our audit.

I look forward to presenting this Letter to councillors and if you would like to discuss any matters in more detail in the meantime, please do not hesitate to contact me on 0191 383 6314.

Yours sincerely

Cameron Waddell (Director)
Mazars LLP

Key messages

Our 2013/14 audit of the Council was made up of two elements:

- our audit of the financial statements; and
- our assessment of arrangements for achieving value for money in your use of resources.

The key conclusions for each element are summarised below.

Audit opinion and financial statements

We issued an audit report including an unqualified opinion on the Council's financial statements on 24 July 2014. Our audit progressed smoothly, and identified only a small number of errors.

Value for money

We undertook work in line with Audit Commission guidance, and concluded there were no matters to report on the Council's arrangements to ensure economy, efficiency and effectiveness in the use of its resources.

We also issued our certificate, closing this year's audit, on 24 July 2014.

Forward look

We focus our audit on the risks that new challenges represent to the Council's financial statements and its ability to maintain proper arrangements for securing value for money. We work with many other local government organisations and recognise the challenges you face.

The Council's main risks in the next few years are financial, with possible changes to its funding that might include:

- the application of a council tax cap; and
- a reduction in that cap, but with the removal of the Council Tax Support Grant.

The Council recently updated its Medium Term Financial Plan, which sets savings targets whilst considering various scenarios. The plan also recognises the potential for contingency and other unused resources to be depleted over the next five years, which would require tough choices on service provision. Early action is planned to address the budget gap without the need for drastic action by:

- continuing the ongoing programme of service reviews; and
- assessing Council and community priorities to identify possible areas for future savings.

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Financial statements

Once again the Council produced good quality accounts, supporting an efficient audit. We issued an unqualified opinion on 24 July 2014.



Financial statements

We issued an audit report including an unqualified opinion on the financial statements on 24 July 2014. Our audit progressed smoothly, and identified only a small number of errors.

As in previous years, the draft financial statements and supporting working papers were of a high quality. We identified no significant issues in the course of our audit, and no material errors were identified. The Council's finance team were very cooperative whilst we undertook our work, helping us to complete our audit work efficiently.

Audit findings

Our detailed findings were reported in our Audit Completion Report to the Council at its meeting on 16 July 2014.

We did not identify any significant deficiencies in the accounting and internal controls systems during the course of the audit.

However, we did identify a small number of misstatements and presentational issues. We discussed these potential amendments with officers during the audit, and the final version of the accounts includes all of the agreed amendments. This helps improve the clarity of the information in the Council's published accounts.

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Securing economy, efficiency and effectiveness

Our work shows that the Council has continued to maintain proper arrangements for securing value for money in its use of resources during 2013/14.



Securing economy, efficiency and effectiveness

To inform our work in this area we drew upon:

- our audit work on the Council's Annual Governance Statement as part of the audit of the financial statements; and
- the Council's own assessment of its arrangements to challenge and continuously improve the way it uses its financial resources.

Our work in these areas allowed us to satisfy ourselves that the Council maintained proper arrangements for securing value for money in its use of resources during 2013/14.

Annual Governance Statement

There were no issues arising from our review of the Council's Annual Governance Statement that led us to consider the Council did not have proper arrangements for securing economy, efficiency and effectiveness.

Arrangements to secure value for money

We found that the Council's Finance function is well-qualified, informed and capable and that the overall financial governance culture is strong. In particular:

- Financial planning is integrated and forward-looking in the Medium Term Financial Plan.
- Although the Council continues to face significant financial challenges, reserves are sufficient to meet current plans and have been managed well historically.
- Arrangements for financial monitoring, forecasting and reporting remain robust.

Looking ahead

In the next few years the Council's main challenges are expected to arise from potential funding reductions which feed down from national and local government. Our assessments will therefore maintain a focus on the arrangements the Council has in place to identify and respond to these challenges in a timely and pro-active manner.

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Fees and
closing
remarks



Fees and closing remarks

Our audit fees for the year are in line with the scale fee determined by the Audit Commission which was included in our Audit Strategy Memorandum dated March 2014, being £7,650 (plus VAT). We did not undertake any non-audit services for the Council in 2013/14.

We have discussed and agreed this letter with the Town Clerk and Finance Manager, and will provide copies to all councillors. Further detailed findings and conclusions in the areas covered by our audit are included in the reports issued to the Council during the year.

Report	Date issued
Audit Fee Letter	April 2013
Audit Strategy Memorandum	March 2014
Audit Completion Report	July 2014
Audit Opinion on the Financial Statements	July 2014
Annual Audit Letter	July 2014

The Council has continued to take a positive and constructive approach to our audit and we wish to thank councillors and officers for their support and co-operation over the past year.

Cameron Waddell
Director
July 2014