



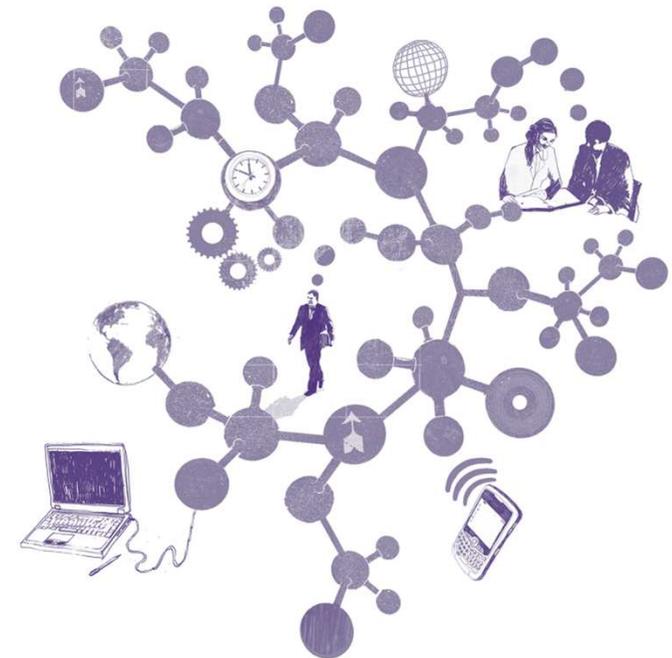
The Annual Audit Letter for East Hertfordshire District Council

Year ended 31 March 2013

October 2013

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Section 1: Executive summary

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Executive summary

Purpose of this Letter

Our Annual Audit Letter ('Letter') summarises the key findings arising from the following work that we have carried out at East Hertfordshire District Council for the year ended 31 March 2013:

- auditing the 2012/13 accounts and Whole of Government Accounts submission (section two)
- assessing your arrangements for securing economy, efficiency and effectiveness in your use of resources (section three)
- certification of grant claims and returns (section four).

The Letter is intended to communicate key messages to you and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 18 September 2013.

Responsibilities of the external auditors and the Council

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

You are responsible for preparing and publishing your accounts, accompanied by an Annual Governance Statement. You are also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in your use of resources (Value for Money).

Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in April 2013 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Audit conclusions

The audit conclusions which we provided in 2012/13 are as follows:

- an unqualified opinion that your accounts give a true and fair view of your financial position as at 31 March 2013 and your income and expenditure for the year
- an unqualified conclusion in respect of your arrangements for securing economy, efficiency and effectiveness in your use of resources
- a completed short-form assurance statement on your Whole of Government Accounts submission with no issues noted

We have certified the NNDR claim for the year with no amendments required and are completing our work on the Benefits claim. The final results of our work will be reported in a separate certification report to the Audit Committee

Key areas for your attention

We summarise here the key messages arising from our audit for you to consider.

Accounts audit:

We did not identify any significant audit adjustments that impacted on your income and expenditure position (statement of comprehensive income) or balance sheet (statement of financial position). Amendments required in the accounts were minor and of a presentational nature only and had no overall effect on your reported assets and liabilities.

An unqualified audit opinion was issued on 19 September 2013. Further details can be found in section 2 of this Letter.

Value for Money:

An unqualified VFM conclusion was issued on 19 September 2013, confirming that you made proper arrangements to secure economy, efficiency and effectiveness in your use of resources for the year ended 31 March 2013. Further details can be found in section 3 of this Letter.

Grant certification:

To date we have certified your NNDR claim. The claim was certified with no amendment required. Our work on your Housing Benefit claim remains in progress.

Public challenge matters:

We did not receive any objections in respect of the financial statements for the year ended 31 March 2013. We certified the audit closed on 19 September 2013.

Acknowledgements

This Letter has been agreed with the Director of Finance and Support Services and will be presented to Audit Committee on 20 November 2013.

We would like record our appreciation for positive and constructive relationships we have enjoyed with management and the assistance and co-operation provided to us during our audit by your staff.

Grant Thornton UK LLP
October 2013

Section 2: Audit of the accounts

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Audit of the accounts

Audit of the accounts

The key findings of our audit of the accounts are summarised below:

Preparation of the accounts

Officers presented us with draft accounts on 27 June 2013, in accordance with the national deadline. Appropriate working papers were made available from the start of the audit fieldwork, which commenced on 5 August 2013.

Issues arising from the audit of the accounts

In the conduct of our audit, we did not have to alter or change our audit strategy, which was communicated to you in our Audit Plan presented to the Audit Committee on 10 July 2013.

We undertook work on key financial systems sufficient to support our approach to the accounts audit. This work did not identify any control issues that presented a material risk to the accuracy of the financial statements.

The draft financial statements recorded net expenditure of £4,196k. We identified no misstatements as a result of the audit that impacted on your reported financial position.

We did not identify any significant issues as a result of our audit work and recommended only a small number of minor adjustments to improve the presentation of the financial statements.

Annual governance statement (AGS)

We reviewed the AGS to assess whether it complied with the requirements of 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007. We also considered whether the disclosures made were consistent with our knowledge of you and your key strategic risks.

Conclusion

Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (the Audit Committee). We presented our report to the Audit Committee on 18 September 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on your 2012/13 accounts on 19 September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of your financial position and of the income and expenditure recorded.

Section 3: Value for Money

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Value for Money

Scope of work

The Code describes your responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in your use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to issue a VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code:

The Council has proper arrangements in place for securing financial resilience. You have robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables you to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. You are prioritising your resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered your performance against a series of key performance indicators and arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission: financial planning, financial governance and financial control.

Key indicators of performance	GREEN
Financial planning	GREEN
Financial governance	GREEN
Financial control	GREEN

Our work highlighted that you have maintained a strong financial position, reflecting good performance in challenging financial times. Further details are provided in our Audit Findings Report issued in September 2013.

Challenging economy, efficiency and effectiveness

We have reviewed whether you have prioritised your resources to take account of the tighter constraints you are required to operate within and whether you have achieved cost reductions and improved productivity and efficiencies. Our work highlighted no significant issues.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we were satisfied that in all significant respects you put in place proper arrangements to secure economy, efficiency and effectiveness in your use of resources for the year ending 31 March 2013. Accordingly, we issued an unqualified VFM conclusion in September 2013.

Section 4: Certification of grant claims and returns

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Certification of grant claims and returns

Introduction

We are required to certify some of the claims and returns submitted by you. This certification typically takes place some six to nine months after the claim period and represents a final but important part of the process to confirm your entitlement to funding.

We are currently in the process of certifying the 2012/13 grant claims and returns. Details have been provided below of the claims that have currently been certified:

- National Non Domestic Rates return (LA01) – no amendment / no qualification

The Housing and Council Tax Benefits scheme (BEN01) is yet to be certified.

Once all certification work is complete we will report in full on the findings of our work to the Audit Committee.

Appendices

Appendix A: 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

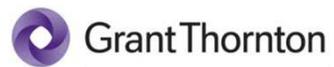
	Per Audit plan £	Actual fees £
Audit Fee	68,875	68,875
Grant certification fee	12,300	12,300
Total fees	81,175	81,175

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan	April 2013
Audit Findings Report	September 2013
VfM – Financial Resilience Report (included in the Audit Findings Report)	September 2013
Certification report (on completion of certification work)	November 2013
Annual Audit Letter	October 2013



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