



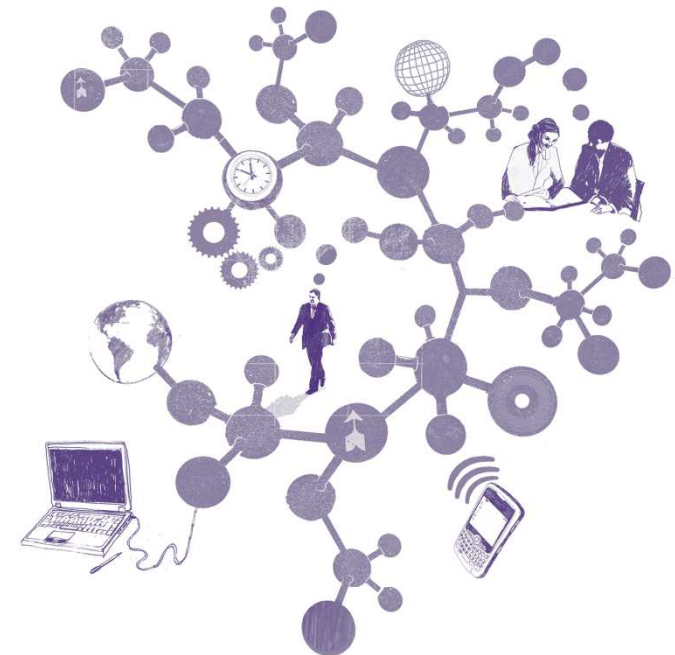
The Annual Audit Letter for Newcastle under Lyme Borough Council

Year ended 31 March 2014

October 2014

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Contents

Section	Page
1. Key messages	1
Appendices	
A Summary of reports and audit fees	5

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Newcastle under Lyme Borough 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 presented to the Audit Committee on 29 April 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 our findings arising from the audit of the financial statements in our Audit Findings Report on 29 September 2014 to the Audit and Risk Committee. The key messages reported were:</p> <ul style="list-style-type: none">• The standard of the draft accounts and supporting working papers provided by the Council was good.• We are satisfied that the overall approach taken by the Council to assessing provisions in respect of National Domestic Rates (NDR) is reasonable. <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>
Whole of Government Accounts	<p>We were not required to fully review the consolidation pack which the Council prepared to support the production of Whole of Government Accounts because the Council's turnover and assets/liabilities are below the £350m threshold. We did not find any anomalies in the limited testing that we were required to do.</p>
Certification of grant claims and returns	<p>We are currently certifying the Housing Benefit grant claim and will issue our report on this after we have completed the work, in accordance with the deadline for submission to the DWP at the end of November.</p>
Audit fee	<p>Our fee for 2013/14 was £73,336, excluding VAT but including an additional £900 in relation to extra work required on business rate appeals which was not included in the audit plan. Further detail is included within Appendix A.</p>

Key messages

Value for Money (VfM) conclusion

Overall our work highlighted that:

- Service expenditure in 2013/14 was £6k lower than the budget which is consistent with the forecast outturn. Members and senior officers have a clear understanding of the Council's financial environment and the Council has comprehensive financial and performance monitoring arrangements in place, with reporting through the Cabinet and full Council.
- Like many local authorities the Council continues to face challenges around its medium term financial resilience but has responded effectively through the development and agreement of its updated Medium Term Financial Strategy in October 2013. The plan extends to 2018/19. The Council has identified savings plans for 2014/15 and is finalising the plans for 2015/16. It has also established Project 2020 which has a range of work streams to provide a perspective on the future role and funding of the council in the medium to longer term.
- Members and senior officers have shown clear leadership and identification of priorities through the process of preparing and approving the updated Medium Term Financial Strategy in October 2013 and the development of the 2014/15 budget.
- The Council has consulted widely both internally and externally and has established a range of partnerships to support its strategic role.
- The Council has achieved its savings plans over the last few years. Our work on the Council's savings plans has found that it has a good record of achieving planned efficiencies and there is no indication that the effectiveness of key services is being significantly impacted by the level of savings so far. The outturn performance report to Cabinet shows that in the main services are performing well.

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are therefore 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. On this basis we issued an unqualified VfM conclusion for 2013/14 on 29 September 2014.

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	72,436	73,336
Grant certification ²	10,736	TBC
Total fees		TBC

Fees for other services

Service	Fees £
None	Nil

In respect of the fee:

1 - There is an additional fee of £900 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, from which we were able to gain certain assurances in prior years. The Audit Commission has therefore given approval in principle for a fee variation for the additional work required. The additional fee will be applied nationally and is 50% of the average fee previously charged for NDR3 certifications for district councils. We will bill this once formal agreement from the Audit Commission has been received.

2 - The grant certification fee is indicative and may vary dependent upon the final levels of audit required. We are still completing our grant certification work and will report upon the fee once it is completed.

Reports issued

Report	Date issued
Audit Plan	7 April 2014
Audit Findings Report	29 September 2014
Annual Audit Letter	27 October 2014



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