

The Audit Findings for West Devon Borough Council

Year ended 31 March 2015

29 September 2015

Barrie Morris

Director

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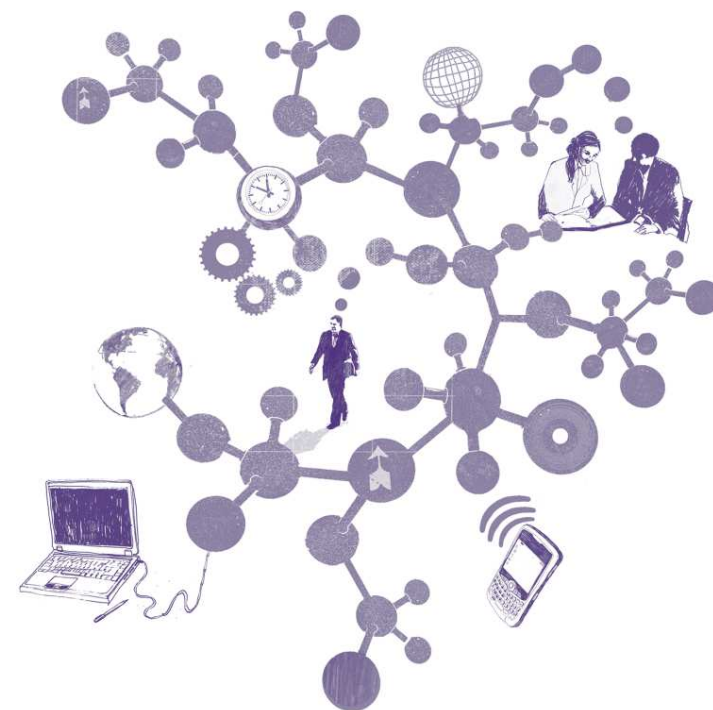
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Dear Members

Audit Findings for West Devon Borough Council for the year ending 31 March 2015

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance in the case of West Devon Borough Council, the Audit Committee, as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Barrie Morris

Chartered Accountants

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Section 1: Executive summary

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Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of [West Devon Borough Council's](#) (the Council) financial statements for the year ended 31 March 2015. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA UK&I).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position and expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated 28 April 2015.

Our audit is substantially complete although we are finalising our work in the following areas:

- journals
- investments
- cash
- Housing Benefits
- review of the final version of the financial statements

- obtaining and reviewing the final management letter of representation
- review of final version of the Annual Governance Statement
- updating our post balance sheet events review, to the date of signing the opinion
- Whole of Government Accounts

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion in respect of the financial statements.

- the accounts were free of significant errors; and
- we have not identified any adjustments that would affect the Council's reported financial position.

Further details are set out in section two of this report.

Value for Money conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VfM conclusion.

Further detail of our work on Value for Money is set out in section three of this report.

Whole of Government Accounts (WGA)

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

Controls

Roles and responsibilities

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Findings

We have identified some minor control issues that we wish to bring to your attention, further details are provided within section two of this report.

The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Finance Community of Practice Lead.

We have made one recommendation, which we set out in the action plan in Appendix A. The recommendation have been discussed and agreed with the Finance Community of Practice Lead and the finance team.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit. We also acknowledge that the shared finance team has performed well in producing a good set of accounts.

Grant Thornton UK LLP
29 September 2015

Section 2: Audit findings

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Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and the findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit committee on 29 September 2015. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you on 28 April 2015.

Audit opinion

Our proposed audit opinion is set out in Appendix B.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA (UK&I) 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p>Improper revenue recognition</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted.</p> <p>Our work comprised:</p> <ul style="list-style-type: none"> • Substantive analytical review of housing rental income • Reconciling the Council tax debit • Analytically reviewing total collectable council tax revenues • Verifying that grants received have been correctly accounted for • Identifying fees, charges and other service income and reconciling these to the General ledger. 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls</p> <p>Under ISA (UK&I) 240 there is a presumed risk of management override of controls</p>	<ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management. • Testing of journal entries. • Review of unusual, significant journal transactions. 	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>





Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Creditors understated or not recorded in the correct period	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> • Review of system documentation and transaction walkthrough testing. • Agreement of creditors to the ledger. • Review of payments before and after year end to ensure that they have been allocated to the correct year and correctly recognised. • Substantively tested a sample of operating expenses. • Tested the year end accruals process and the amounts included as the year end accrual. 	Our audit work has not identified any significant issues in relation to the risk identified.
Employee remuneration	Employee remuneration accrual understated	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> • Review of system documentation and transaction walkthrough testing. • Used predictive analytical review techniques to assess reasonableness. • Substantively tested a sample of remuneration transactions. • Reviewed the calculation of redundancy costs. 	Our audit work has not identified any evidence that employee remuneration accruals are understated.
Welfare expenditure	Welfare benefit expenditure improperly computed	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> • Review of system documentation and transaction walkthrough testing. • Used predictive analytical review techniques to assess reasonableness. We were able to rebut the risk that welfare benefit expenditure improperly computed.	Our audit work has not identified any evidence that welfare benefit is improperly computed.

Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	Activity is accounted for in the year it takes place, not simply when cash payments are made or received.	We have no issues over the: <ul style="list-style-type: none"> • Appropriateness of policy under relevant accounting framework • Adequacy of disclosure of accounting policy 	 Green
Estimates and judgements	Management have disclosed their accounting policy, and disclosed key estimates and judgements around: <ul style="list-style-type: none"> – Depreciation; – Bad debt provisions; – Pension fund valuations and settlements; – Redundancy accruals; – Allocation of operating costs between the Council and West Devon Borough Council; and – NDR provisions. 	We have no issues over the: <ul style="list-style-type: none"> • Appropriateness of policies under relevant accounting framework • Extent of judgements involved • Adequacy of disclosure of accounting policies • Apportionments of the costs between South Hams DC and West Devon BC. 	 Green
Going concern	Management have a reasonable expectation that the services provided by the Council will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed managements' assessment and are satisfied that the going concern basis is appropriate for the 2014/15 financial statements.	 Green
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.	Our review of accounting policies has not highlighted any issues which we wish to bring to your attention.	 Green

Assessment

 Marginal accounting policy which could potentially attract attention from regulators

 Accounting policy appropriate and disclosures sufficient

 Accounting policy appropriate but scope for improved disclosure

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.


	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Council.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no non-trivial omissions in the financial statements.
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed.
6.	Confirmation requests from third parties	<ul style="list-style-type: none"> We obtained direct confirmations in relation to the Council's bank accounts and Investment balances. These were all received within the appropriate timescales.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Employee Remuneration, Operating Expenses and Welfare benefits as set out on page 10 above.

The matters that we identified during the course of our audit are set out in the table below. These and other recommendations, together with management responses, are included in the action plan attached at Appendix A.

	Assessment	Issue and risk	Recommendation
1.		<p>Our analysis of the journals for the year highlighted the following:</p> <ul style="list-style-type: none"> • there were Journals without a narrative description; • journals could be input and authorised by the same officer; and • one journal for £3k had been input by the Finance Community of Practice Lead. 	<p>The procedures should be altered to ensure that:</p> <ul style="list-style-type: none"> • All journals have a narrative description to explain the nature and purpose of the transaction • Journals should be raised and authorised by separate individuals. • The Finance Community of Practice Lead should not be able to process journals.

Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	✓	<p>Payroll processes</p> <p>We noted that there was a lack of segregation of duties within the payroll department. In 2013/14 we found that payroll was administered by one individual. Further, from discussions with members of the finance and HR teams there appeared to be insufficient medium term contingencies should that member of staff leave or become ill.</p>	<p>Appropriate arrangements have now been introduced through additional staff receiving training to provide cover for leave or sickness. Currently three members of the team are able to process payroll. In addition the Council's HR team includes a allocation of 0.4 of a full time equivalent (Payroll specialist) as an overview to the payroll operation.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all non-trivial misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

There were no adjusted misstatements

There were no unadjusted misstatements

Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure	n/a	Collection fund note 4	Previous year's comparatives have been added to the note.
2 Disclosure	n/a	Note 10 Property, Plant & Equipment	Additional table added to show previous year movements.
3 Disclosure	n/a	Note 10 Property, Plant & Equipment	Additional disclosure to show the dates of revaluations and the details of the fair value review.
4 Disclosure	n/a	Note 24 Members allowances	Initially it was thought that this needed amending, however on a detailed check the figure has been demonstrated to be correct.
5 Disclosure	n/a	Technical Appendix 1	The Financial Instrument disclosures included all debtors and creditors and not the financial payable and receivables
6 Disclosure	n/a	Various notes	Some minor amendments to narrative and presentation. These did not impact on the understanding of the accounts.
All the above items have been adjusted			

Section 3: Value for Money

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Value for Money

Value for money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

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

We are required to give our VfM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are:

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

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness - the Council is prioritising its 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 the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control.

The Council reported a surplus of £70k for 2014/15. Whilst there were a number of over and underspends in individual service areas, the overall outcome reflects the good financial planning and robust monitoring processes in place throughout the year. Looking forwards, the successful delivery of future budgets is largely dependent on the Council continuing to receive a high level of new homes bonus and the Council should consider how it would address any shortfall should this important revenue source decrease or be stopped.

Usable reserves at 31 March 2015 were £2.0m which remains lower than the Council's nearest neighbours. The Council's Medium Term Financial Strategy (MTFS) recognises the need for savings of £0.5m in 2015/16 and the medium term financial strategy recognises a cumulative funding gap of £0.4m.

Challenging economy, efficiency and effectiveness

We have considered the Council's arrangements to challenge economy, efficiency and effectiveness against the following themes:

- Prioritising resources
- Improving efficiency & productivity

The Council's plans prioritise its resources reflecting the financial constraints. The T18 programme has been built upon the re-structuring of all the Council's activities which aims to ensure that all parts of the organisation are focussed on delivering services efficiently.

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 are satisfied that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Key indicators of performance	<p>As reported in previous years the Council's reserves are low compared to the family average. The General reserve is currently £1,023k and Earmarked Reserves are also at £1,023k, a total of £2,046k against a family average of £6.467m. We recognise that the General Fund balance is above the Council's approved level of £750k.</p> <p>Debtors and Creditors have both risen at the year end as a result of the accruals required to account for T18 costs and the recharges between the Council and South Hams. The result is that the council's ratio of current assets to current liabilities has decreased from 2.6 to 1.6 (family average 3.6).</p> <p>The Value for Money profile highlights a few areas for which the Council's performance is below its nearest neighbours. These are known and link to the Council's priorities.</p>	Green
Strategic financial planning	<p>The Council's strategic financial planning was set in the Medium Term Financial Strategy 2014/15 to 2017/18. As part of the budget setting process for 2015/16 this was updated.</p> <p>The summary position for the four years to 31 March 2019 shows a cumulative deficit of £44k. The finance gap for 2015/16 was £597k and savings or funding has been identified to close this shortfall.</p> <p>The MTFS relies on the use of New Homes bonus annually. There are indications that the level of New homes bonus distributed to Councils may not be sustained over the life of the current government and the Council should consider what actions it would need to take if this source of funding decreased or was stopped altogether in the future. We recognise that the Transformation programme will help to reduce the dependency over time.</p>	Green
Financial governance	<p>The Council monitors the delivery of the budget quarterly. The MTFS is refreshed annually.</p> <p>The Council has a performance dashboard that reports the indicators of the Council's performance. An</p>	Green

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Financial control	<p>The Council has a good track record of achieving its plans and the 2014/15 financial statements report a £70k underspend for the year.</p> <p>The Budget setting process does not rely on one-off fixes to achieve the projected funding gap, however, as noted above, the MTFs assumes a level of New homes bonus that may not be sustained in future years.</p> <p>The Finance team has, along with other areas of the Council, been re-structured and is now shared with South Hams District Council. This significant change has not had a detrimental impact on financial controls for either Council.</p> <p>The Council's Audit Committee monitors the corporate risk register and ensures that agreed action plans are implemented.</p>	Green
Prioritising resources	<p>Management team receive and assess the in year savings plans and these are analysed to ensure there is a strategic fit with the Council's priorities.</p> <p>The annual budget and the updated MTFP are monitored and reviewed by management team before being scrutinised and approved by Members.</p> <p>The T18 programme has been built upon the re-structuring of all the Council's activities, which ensures that all parts of the organisation is focused on delivering services efficiently.</p>	Green
Improving efficiency & productivity	<p>The Council understands its areas of high cost. Analysis shows these are linked to priority areas, or reflect decisions made to keep services in-house compared to Councils that have developed alternative delivery methods.</p> <p>The Performance dashboard focuses on the council's key areas.</p>	Green

Section 4: Fees, non-audit services and independence

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Fees, non-audit services and independence

We confirm below our final fees charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Council audit	52,528	52,528
Grant certification on behalf of Public Sector Audit Appointments Ltd	7,120	7,120
Total audit fees	59,648	59,648

In 2014/15 we did not undertake any other services on behalf of the Council

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 5: Communication of audit matters

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Communication of audit matters to those charged with governance

International Standard on Auditing ISA (UK&) 260, as well as other (UK&I) ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice (the Code) issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

	Audit Plan	Audit Findings
Our communication plan		
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

Appendix A: Action plan

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	<p>The procedures should be altered to ensure that:</p> <ul style="list-style-type: none"> All journals have a narrative description to explain the nature and purpose of the transaction Journals should be raised and authorised by separate individuals. The Finance Community of Practice Lead should not be able to process journals. 	Medium	<ul style="list-style-type: none"> Authorisation: Once the two council's operations were harmonised, controls were enhanced to prevent this occurring. Narrative: Management will amend the software journal entry procedures to ensure that all journals have a notes facility attachment explaining the reason for the journal. The Finance Community of Practice Lead no longer has the facility to input journals. 	<ul style="list-style-type: none"> Now addressed Finance Community of Practice Lead.(September 2015) Now addressed

Priority
High, Medium or Low

Appendix B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF West Devon Borough COUNCIL

We have audited the financial statements of West Devon Borough Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of West Devon Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Finance Community of Practice Lead and auditor

As explained more fully in the Statement of the Finance Community of Practice Lead's Responsibilities, the Finance Community of Practice Lead 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 CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, 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 also 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 Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Finance Community of Practice Lead; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 West Devon Borough Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword 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 are required to 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; or
 we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
 we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
 we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

The Authority 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 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Authority 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 Authority'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 have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:
securing financial resilience; and
challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority 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 criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, West Devon Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the financial statements of West Devon Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Barrie Morris
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Hartwell House, 55-61 Victoria Street, Bristol, BS1 6FT

29 September 2015



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