

The Annual Audit Letter for South Hams District Council

Year ended 31 March 2014

21 October 2014

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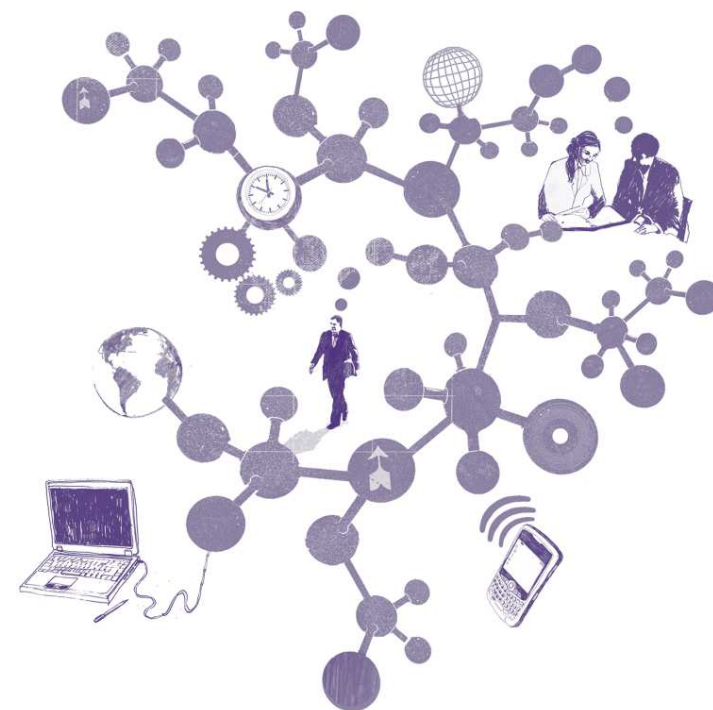
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at South Hams District 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 3 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 18 September 2014 to the Audit Committee. We identified one accounting error affecting the Council's reported position. The presentation of the Council's capital financing required expanding to present the entries consistently in the financial statements. The associated adjusting entries did not result in a change to the Council's reported reserves at the year end.</p> <p>There were no unadjusted errors.</p> <p>We issued an unqualified qualified opinion on the Council's 2013/14 financial statements on 18 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>
Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2013/14 on 18 September 2014.</p> <p>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 put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.</p>

Key messages

Whole of Government Accounts	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.
Certification of grant claims and returns	We are required to certify one certification return for the Council, the Housing Benefit and Council Tax Benefit subsidy for 2013/14. At the time of writing this work is ongoing and we expect to report to the Department of Works and Pensions by the 30 November 2014 deadline.
Audit fee	Our fee for 2013/14 was £57,872, excluding VAT, which was an increase of £900 over our planned fee for the year. There is no longer a certification requirement in respect of business rates, which resulted in a need for additional audit work on material business rates balances and the disclosures in the financial statements. The Audit Commission approved a fee variation for this work, equivalent to 50% of the average cost by council type of LA01 certification in 2012/13. This amounted to an additional fee of £900 to cover the additional audit work required on business rates.

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p>It was noted that payroll was still 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>Recommendation: We recommend that there is a segregation of duties within the payroll department whereby one member of staff is not wholly responsible for the processing of all the payroll.</p>	Medium	<p>In the short term a robust contingency plan has been put in place, to ensure that, both payroll is submitted on time and relevant returns are sent to HMRC, should issues arise with the member of staff currently responsible for preparing the payroll.</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and provision of non-audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee *	56,972	57,872
Grant certification fee **	10,302	9,328
Total fees	76,274	67,200

Fees for other services

Service	Fees £
Review of T18 Project (A joint review with West Devon Borough Council)	2,325

* The audit fees are set by the Audit Commission. As there is no longer a certification requirement in respect of business rates, there is a need for additional audit work on material business rates balances and the disclosures in the financial statements. The Audit Commission has approved a fee variation for this work, equivalent to 50% of the average cost by council type of LA01 certification in 2012/13. This amounted to an additional fee of £900 to cover the additional work required on business rates.

** This certification fee was revised by the Audit Commission as certification of council tax benefit is no longer required as part of the Housing Benefit Subsidy scheme.

Reports issued

Report	Date issued
Audit Plan	21 March 2014
Audit Findings Report	8 September 2014
Certification report	Planned December 2014
VfM – Financial Resilience Report	Planned November 2014
Annual Audit Letter	21 October 2014



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