



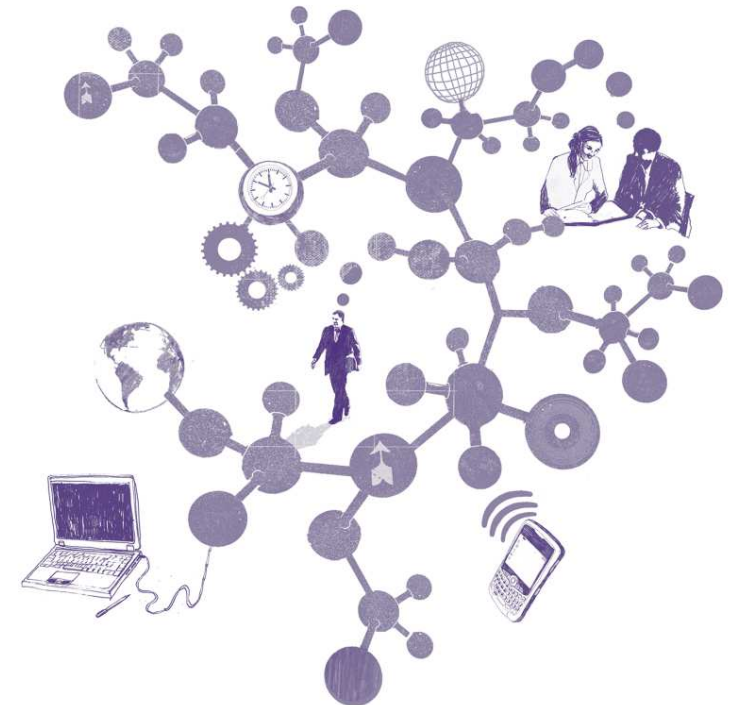
The Annual Audit Letter for Exeter City Council

Year ended 31 March 2014

14 October 2014

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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Exeter City 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 issued on 9 June 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 the findings arising from our audit of the financial statements to the Audit and Governance Committee in our Audit Findings Report on 24 September 2014. The key messages reported were:</p> <ul style="list-style-type: none">• The Council prepared its financial statements in accordance with the national timetable (30 June 2014) and made a full set of working papers available to us at the start of the audit.• There were a number of adjustments to the Council's draft financial statements although none of these were material. Overall, the standard of the Council's financial statements showed an improvement compared to the previous year. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 26 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. This opinion also covers the group financial statements.</p>
Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2013/14 on 26 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	<p>As noted in our certification plan, there are only two returns applicable to Exeter City Council in 2013/14. We certified the Pooled Capital Receipts Return in September 2014, without qualification, ahead of the National deadline.</p> <p>The remaining return is for Housing Benefits and the deadline for the completion of this work is 30 November 2014. We will report our findings to the Council once this work has been completed.</p>
Audit fee	Our fee for 2013/14 was £76,283, excluding VAT which was in line with our planned fee for the year. Further detail is included within appendix B.

Appendix A: Key issues and recommendations

This appendix summarises the significant recommendations made during the 2013/14 audit. These have been agreed with the Council and were included in our Audit Findings Report.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p>The Council is required to prepare a set of financial statements that meets CIPFA's requirements. The simplest way to ensure this is for the Council to self-assess its financial statements using a disclosure checklist.</p> <p>Recommendation: Complete a disclosure checklist as part of the financial statements closedown process.</p>	High	<p>Management response: Agree that completion of the checklist would be advantageous for the Council to satisfy itself that its accounts met all of the necessary requirements. However this is a lengthy document which will require additional resources during a time-pressured period of closing the accounts. We will endeavour to complete the checklist in parallel with closing the accounts, resources permitting, but will certainly use it as a guide for implementing changes to the financial statements to meet CIPFA requirements.</p> <p>Responsible officer: Technical Accounting Manager</p> <p>Due date: 30 June 2015</p>
2.	<p>Journals are not approved before being processed.</p> <p>Recommendation: The Council should introduce a sample-based approach to journal review and authorisation covering all journals.</p>	High	<p>Management response: Following the restructure of Accountancy Services and the appointment of an Accountant with responsibility for system development support in July, we have given priority to investigating the functionality of the financial system for journal authorisation and workflow arrangements. It is hoped that a new journal authorisation process will be implemented in order to improve internal controls.</p> <p>Responsible officer: Assistant Director, Finance</p> <p>Due date: 31 December 2014</p>

Appendix B: Reports issued and fees

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

Fees

	Per Audit plan £	Actual fees £
Council audit	76,283	76,283
Grant certification	13,380	TBC
Total audit fees	89,663	TBC

Our certification work will not be completed until November 2014. We will advise the Council's Audit and Governance Committee of the final fee for this work at that time.

There is an additional fee of £940 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. The additional fee is 50% of the average fee previously charged for NNDR3 certifications for District Councils and is subject to agreement by the Audit Commission.

Fees for other services

Service	Fees £
Review of IT Shared Service Arrangements – Phases 1 and 2. This is a joint review for Exeter City Council, East Devon District Council and Teignbridge District Council. The total fee for these two phases of the work was £17,998, the cost of which was shared equally across the three Councils. The fee identified here represents Exeter City Council's share of the work delivered.	£5,999

Reports issued

Report	Date issued
Audit Plan (including interim audit work)	June 2014
Audit Findings Report	September 2014
Certification Plan	September 2014
Annual Audit Letter	October 2014
Certification Report	Due December 2014



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