



# The Annual Audit Letter for Copeland Borough Council

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**Year ended 31 March 2014**

October 2014

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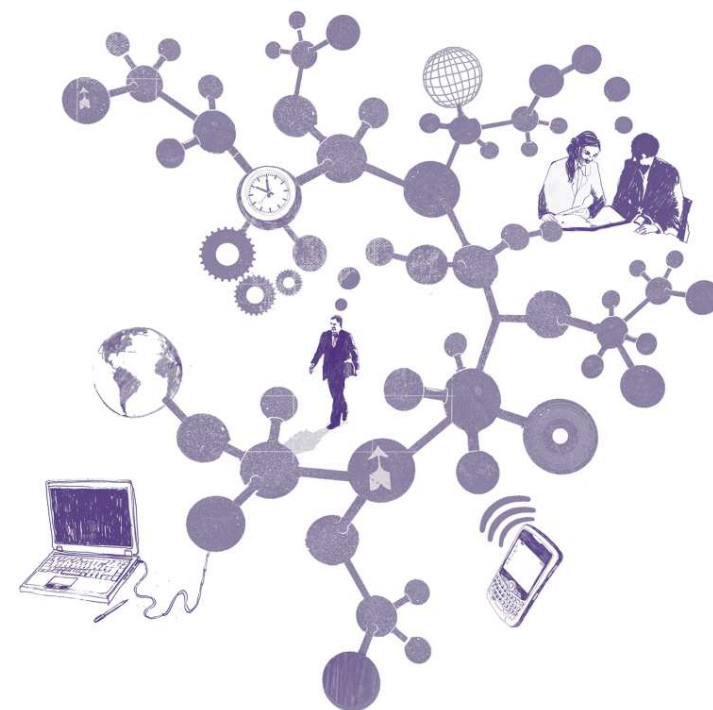
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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Copeland 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 issued on 15 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.

|  |   |
|--|---|
| <p><b>Financial statements audit (including audit opinion)</b></p> | <p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 24 September 2014 to the Audit and Governance Committee. The key messages reported were:</p> <ul style="list-style-type: none"> <li>• two misclassification adjustments to the Council's financial statements of £255,000 and £180,00 but neither affected the Council's reported financial position.</li> <li>• a number of adjustments to the disclosure notes to improve the presentation and compliance of the financial statements with the Code.</li> </ul> <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.</p> |
|--|---|

## Value for Money (VfM) conclusion

We issued an unqualified VfM conclusion for 2013/14 on 26 September 2014.

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.

The Council has adequate systems and processes in place to manage financial risks effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future. However, future funding uncertainty and the localisation of business rates collection and risk of low future NDR growth represent significant challenges for the Council. The Council has taken steps to improve revenue reporting. Delivery of the capital programme has slipped in 2013/14 with re-profiling of the Whitehaven Town Heritage Initiative (THI) into 2014/15 and 2015/16.

The Council has prioritised its resources to take account of the tighter constraints it is required to operate within. There is a clear focus on delivering efficient and effective statutory services. Savings has focused on discretionary services and the need to consider how services can be delivered differently in the future.

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## Key messages (Cont'd)

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| <b>Whole of Government Accounts</b>              | We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts and confirmed this was under the audit threshold of £350 million. We reported, as required, that there were no differences between the net book value totals for Property, Plant and Equipment (PPE), the net pension liability recorded within the Council's balance sheet and the disclosures within the consolidation pack, and no unexplained differences within the detailed disclosures. |
| <b>Certification of grant claims and returns</b> | We will certify the Housing Benefit Subsidy claims by the deadline of 28 November 2014. Work is ongoing and we will need to issue a qualification letter.  |
| <b>Audit fee</b>                                 | Our fee for 2013/14 was £91,884, excluding VAT which was £900 more than our planned fee for the year. Further detail on the 2013/14 fee is included within appendix A.   |

# Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and there were no fees for the provision of non audit services.

## Fees

|                         | Per Audit plan<br>£ | Actual fees<br>£ |
|-------------------------|---------------------|------------------|
| Audit Fee               | 70,656              | 71,556           |
| Grant certification fee | 20,328              | 20,328           |
| <b>Total fees</b>       | <b>90,984</b>       | <b>91,884</b>    |

There is 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. The additional fee is 50% of the average fee previously charged for NDR3 certifications for a district council and is subject to agreement by the Audit Commission.

Our grant certification fee is still an estimate as our work on the Council's Housing benefits subsidy claim is still ongoing and will not be finalised until late November 2014. Although we are no longer required to certify the national non-domestic rates return and council tax benefit is no longer part of the housing benefits subsidy claim, the remaining element of the certification fee is likely to be more that 2012/13 because we need to perform additional work to respond to errors identified in the 2012/13 housing benefits claim.

## Reports issued

| Report                | Date issued             |
|-----------------------|-------------------------|
| Audit Plan            | April 2014              |
| Audit Findings Report | September 2014          |
| Annual Audit Letter   | October 2014            |
| Certification report  | January 2015 (Estimate) |

## Fees for other services

| Service | Fees £ |
|---------|--------|
| None    | Nil    |



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