

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: External Auditors: Annual Audit Letter 2013/14

Meeting/Date: Corporate Governance Panel
26 November 2014

Executive Portfolio: Resources: Councillor J A Gray

Report by: Head of Resources

Ward(s) affected: All Wards

Executive Summary:

The 2013/14 audit of the Council's Annual Financial Report, the Annual Governance Statement and relevant grant claims is now complete. Consequently, the Council's external auditor, PricewaterhouseCoopers is required to issue an Annual Audit Letter; this is attached at Appendix 1. The Annual Audit Letter is a digest of the auditor's findings, recommendations and fees in respect of 2013/14.

Recommendation(s):

The Panel is requested to note the 2013/14 Annual Audit Letter.

1. PURPOSE

- 1.1 At the conclusion of each year's audit work the external auditor issues an Annual Audit Letter, which is a digest of their findings and recommendations made along with an indication of the audit fee due.

2. BACKGROUND

- 2.1 The Panel is designated as "those charged with governance". Members will recall that at the meeting of the 26th September they:
- received a draft ISA 260,
 - approved the Executive Leader and Officers to authorise the Annual Governance Statement and the Letter of Representation, and
 - approved the Chairman to authorise the Annual Financial Report.

3. RECEIVING THE AUDITORS ANNUAL AUDIT LETTER

- 3.1 On the 26th September the auditors signed the 2013/14 Annual Financial Report and the report was published by the statutory deadline of the 30th September. The auditors have now issued the Annual Audit Letter, attached as Appendix 1, which is a digest of their findings, recommendations and fees for their work in respect of 2013/14.
- 3.2 The issues highlighted within the Annual Audit Letter which have also been reported in the draft ISA 260 report are:
- Valuation of Property – the 5 Leisure centres were revalued during the year following redevelopment. The valuation was conducted by an external valuation expert and whose findings were reviewed by PWC's own internal experts. The revaluation increased the assets value by £9,617k and there was also an impairment of £348k.
 - Estimation of the pension liability - this is the most significant estimate in the annual accounts and it is the valuation of the net pension liabilities for HDC employees in the Cambridgeshire County Council pension scheme.
 - Council tax benefit reform – from the 1st April 2013 the national Council Tax Benefit scheme was replaced by HDC's own local Council Tax Support scheme. This scheme has been set up within the guidelines set out by central Government.
 - Provision against Non-Domestic Rates appeals – as a result of the changes in the Non-Domestic Rates system, provision for appeals against the rateable value is now required within the Councils Collection fund. £1.6m provision was included for appeals received in 2013/14 and £3.5m was included for appeals from previous years. External experts were engaged to assist in this calculation.
- No material adjustments to the statutory accounts were required as a result of these issues.

4. LEGAL IMPLICATIONS

- 4.1 The purpose of this report is to satisfy procedural and legal requirements in connection with Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies.

5. RESOURCE IMPLICATIONS

- 5.1 The audit fee will be met from within current resources.


LIST OF APPENDICES INCLUDED

BACKGROUND PAPERS

Working papers in Financial Services

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