

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: External Audit Annual Audit Letter 2014/15
Meeting/Date: Corporate Governance Panel – 2 December 2015
Executive Portfolio: Resources: Councillor J A Gray
Report by: Head of Resources
Ward(s) affected: All Wards

Executive Summary:

The 2014/15 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 2014/15.

Recommendation(s):

The Panel is requested to note the 2014/15 Annual Audit Letter and comment as necessary.

1. WHAT IS THIS REPORT ABOUT/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. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Panel is designated as "those charged with governance". Members will recall that at the meeting of the 16th 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. OPTIONS CONSIDERED/ANALYSIS

- 3.1 On the 16th September the Auditors signed the 2014/15 Annual Financial Report and their final ISA 260 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 2014/15.

- 3.2 The issues highlighted within the Annual Audit Letter which have also been reported in the draft ISA 260 report are:

- 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.
- Valuation of Property – The Council operates a three year valuation cycle and this year covered £9.3m of land and building, resulting in an increase in the valuation by £150,000. The valuation was conducted by an external valuation expert and whose findings were reviewed by PwC's own internal experts.
- Safety net calculation – Department for Communities and Local Government released a revised calculation template after the annual accounts were completed. The revised calculation resulted in an additional £845,000 income due to the Council. PwC have agreed with the Councils treatment that this is a non-adjusting event and will be recorded as 2016/17 income.
- Provision against Non-Domestic Rates appeals – the appeals against rateable value provision in the Collection fund was increased to £8.3m; the Councils share is £3.1m. PwC challenged the estimation and believe that the provision is over prudent. The Council used an external expert in the calculation process and believes this is a realistic estimation based on known variables. This is a difference in estimation and judgement and PwC did not consider this an error and no adjustment was required.

- 3.3 No material adjustments to the statutory accounts were required as a result of these issues.

4. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 4.1 The three recommendations included in the Annual Audit Letter will be implemented in the agreed timescales in the report on page 5.

5. LINK TO THE CORPORATE PLAN

- 5.1 The Annual Financial Report is a statutory and legal requirement and links into the Corporate Plan in with “Ensuring we are a customer focused and service led council delivering value for money services - Become more business-like and efficient in the way we deliver services”.

6. LEGAL IMPLICATIONS

- 6.1 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.

7. RESOURCE IMPLICATIONS

7. 1 The annual external audit fee is included within the 2015/16 budget.

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 The Annual Audit Letter concludes the annual audit process and it is good governance to present the external auditors final report to the group charged with Governance.

9. LIST OF APPENDICES INCLUDED


Appendix 1 - PwC 2014/15 Annual Audit Letter

BACKGROUND PAPERS


Working papers are held in Resources

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