



The Annual Audit Letter for Dartford Borough Council

Year ended 31 March 2013

3 October 2013

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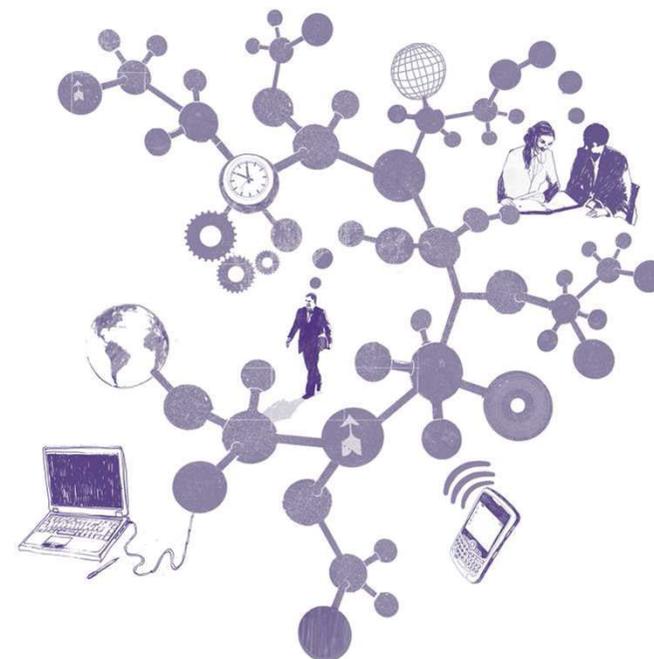
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Section 1: Executive summary

01. Executive summary

02. Audit of the accounts

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Executive summary

Purpose of this Letter

Our Annual Audit Letter ('Letter') summarises the key findings arising from the following work that we have carried out at Dartford Borough Council ('the Council') for the year ended 31 March 2013:

- auditing the 2012/13 accounts and Whole of Government Accounts submission (Section two)
- assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (Section three)
- certification of grant claims and returns (Section four).

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 18 September 2013.

Responsibilities of the external auditors and the Council

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

The Council is responsible for preparing and publishing its accounts, accompanied by an Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (Value for Money).

Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in April 2013 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Audit conclusions

The audit conclusions which we have provided in relation to 2012/13 are as follows:

- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year
- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources
- an unqualified opinion on the council's Whole of Government Accounts submission
- we have certified two claims and returns by the end of September deadline. Our work on the Housing Benefits Subsidy claim, which has a deadline of 30 November, is still in progress.

Key areas for Council attention

We summarise here the key messages arising from our audit for the Council to consider as well as highlighting key issues facing the Council in the future.

We have now concluded our audit for 2012/13. We issued an unqualified opinion on the Council's financial statements on 26 September 2013. We also issued an unqualified value for money conclusion, and completed the certification of the Whole of Government Accounts return, on the same date.

The accounts were prepared to a sound standard and were supported by good working papers. The Council also maintains a sound financial position despite the difficult external environment.

Acknowledgements

This Letter has been agreed with the Managing Director and will be presented to next Audit Board on 8 January 2014.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2013

Section 2: *Audit of the accounts*

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Audit of the accounts

Audit of the accounts

The key findings of our audit of the accounts are summarised below:

Preparation of the accounts

The Council presented us with draft accounts on 21 June 2013, in advance of the national deadline of 30 June. Appropriate working papers were made available from the start of the audit fieldwork, which commenced in July 2013.

The key messages arising from our audit of the Council's financial statements are:

We identified one adjustment to the statements. This related to including grants items gross rather than net, and did not impact upon the Council's net expenditure or revenue balances. We also agreed a number of changes to the disclosure notes to the accounts, to aid the clarity and presentation of the statements.

We noted that declaration forms in respect of related party transactions were not received from two Councillors at the time of audit. We have recommended that action is taken to ensure all Members comply with requirements for next year.

Conclusion

Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (defined as the Audit Committee at the Council). We presented our report to the Audit Committee on 18 September 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 26 September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Section 3: Value for Money

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Value for Money

Scope of work

The Code describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give a VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code:

The Council has proper arrangements in place for securing financial resilience. The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- financial governance
- financial planning
- financial control.

Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies.

We found that:

- The Council has good arrangements for financial governance. It has a strong track record on delivering budgets and savings plans. It is further strengthening its risk management strategy and performance management processes.
- The Council has a strong financial planning framework. The Medium Term Financial Plan sets out savings plans and risks for the coming years, and is aligned with the corporate priorities.

Overall VFM conclusion

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 2013.

Section 4: Certification of grant claims and returns

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Certification of grant claims and returns

Introduction

We are required to certify certain of the claims and returns submitted by the Council. This certification typically takes place some six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified the NNDR and Housing Capital Receipts returns for the financial year 2012/13. Our work on the Housing Benefits Subsidy claim, which has a deadline of 30 November, is still in progress.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Key messages

The key messages from our certification work are summarised in the table below. Further details will be provided in our certification report planned for January 2014.

Summary of the Council's arrangements

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	All claims have been submitted to the relevant department and auditor in line with required timetable.	● green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The NNDR claim was certified 24/9/13 without amendment or qualification. The Housing Capital Receipts claim was certified 24/9/13 with 1 amendment and no qualification. The Housing Benefit Subsidy Claim audit is in progress and the results will be reported in our annual certification report.	tbc
Supporting working papers	All claims have been submitted with appropriate working papers.	● green

Appendices

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	60,973	60,973
Grant certification fee	27,550	Tbc
Total fees	88,523	Tbc

Our grant claim work is still in progress. We will confirm the fee for this work once our work on the Housing Benefit Subsidy claim has been completed.

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan	Apr 2013
Audit Findings Report	Sep 2013
Certification report	Planned Jan 2014
Annual Audit Letter	Oct 2013



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