

North Norfolk District Council

Annual Audit Letter

2013/14

Government and
Public Sector

October 2014

Contents

Introduction	1
Audit Findings	3
Fees	2

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

An audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

Introduction

The purpose of this letter

This letter summarises the results of our 2013/14 audit work for members of the Authority.

We have already reported the detailed findings from our audit work to the Audit Committee in the following reports:

- Audit opinion for the 2013/14 financial statements, incorporating conclusion on the proper arrangements to secure economy, efficiency and effectiveness in its use of resources;
- Report to those charged with Governance (ISA (UK&I) 260); and
- Annual Certification Report for 2012/13 (to those charged with governance).

The matters reported here are the most significant for the Authority

Scope of Work

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan that we issued in March 2014 and subsequently updated in June 2014 and is 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.

We met our responsibilities as follows:

Audit Responsibility	Results
Perform an audit of the accounts in accordance with the Auditing Practice Board's International Standards on Auditing (ISAs (UK&I)).	We reported our findings to the Audit Committee on 16 September 2014 in our 2013/14 report to those charged with governance (ISA (UK&I) 260). On 23 September 2014 we issued an unqualified audit opinion.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported to the National Audit Office on 23 September 2014 that a detailed review of the consolidation pack was not required as the Authority was below the threshold.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 23 September 2014 we issued an unqualified value for money conclusion.

Audit Responsibility	Results	Audit Responsibility	Results
Consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	We undertook our work in accordance with our Audit Plan. There were no issues to report in this regard.	Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	We issued our certificate on 23 September 2014 on completion of our work. There were no issues to report in this regard.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	We undertook our work in accordance with our Audit Plan. There were no issues to report in this regard.		
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	We undertook our work in accordance with our Audit Plan. There were no issues to report in this regard.		

Audit Findings

Accounts

We audited the Authority's accounts in line with approved Auditing Standards and issued an unqualified audit opinion on 23 September 2014.

We noted significant issues arising from our audit within our Report to Those Charged with Governance (ISA (UK&I) 260). This report was presented to the Audit Committee on 16 September 2014. We wish to draw the following points, included in that report, to your attention in this letter:

Pensions liability

The most significant estimate in the Statement of Accounts is in the valuation of net pension liabilities for employees in the Norfolk County Council pension fund. Your net pension liability at 31 March 2014 was £31.8 million (2013 - £31.8 million).

The 2013 triennial valuation has been finalised and the effect on the accounts is £1,432m. This has been agreed back to the actuaries report without exception.

We reviewed the reasonableness of the assumptions underlying the pension liability, and we are comfortable that the assumptions are within an acceptable range. The report from the Pension Fund actuary was reviewed by the PwC specialist team and the assumptions used were compared to the industry averages with no exceptions or major variances noted.

We validated the data supplied to the actuary on which to base their calculations.

North Norfolk District Council

Changes to IAS 19: Employee Benefits

From 2013/14 there have been changes to the accounting for defined benefit schemes and termination benefits. These changes have been reflected in the Authority's financial statements with the inclusion of additional disclosures. The impact on the authority has been immaterial and no prior year restatement has been required. No exceptions have been noted with the presentation in the Statement of Accounts.

Judgments and accounting estimates

The following significant judgments or accounting estimates were used in the preparation of the financial statements:

- Property, plant and equipment – Depreciation and Valuation;
- Bad Debt Provision;
- NNDR Provision for Appeals;
- Accruals Provisions; and
- Pensions.

No issues have been identified in our audit of these areas.

Use of Resources

We carried out sufficient, relevant work in line with the Audit Commission's guidance, so that we could conclude on whether you had in place, for 2013/14, proper arrangements to secure economy, efficiency and effectiveness in your use of the Authority's resources.

In line with Audit Commission requirements, our conclusion was based on two criteria:

- the organisation has proper arrangements in place for securing financial resilience; and
- the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

To reach our conclusion, we carried out a programme of work that was based on our risk assessment.

We issued an unqualified conclusion on the ability of the organisation to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Whole of Government Accounts

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the Audit Commission. The audited pack was submitted to the National Audit Office on 23 September 2014. We found no areas of concern to report in this context.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts.

We reviewed the AGS to determine whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Certification of Claims and Returns

We presented our most recent Annual Certification Report for 2012/13 to those charged with governance in February 2014. We certified two claims, the Housing and Council Tax Benefits Scheme and the National Non Domestic Rates Return, worth £58 million in total. In both cases a qualification letter was required to set out the issues arising from the certification of the claim. These details were also set out in our Annual Certification Report for 2012/13. We will issue the Annual Certification Report for 2013/14 in March 2015.

Fees

Fees for 2013/14

We reported our fee proposals in our audit plan. An update on this is set out below. Please note that we have requested fee variations from the Audit Commission in relation to additional work we have had to undertake this year, which is in addition to the scope of work covered by the scale fee.

We have agreed our fee variation requests with management, however, until approval is received from the Audit Commission, the final fees for 2013/14 remain draft.

	2013/14 forecast outturn	2013/14 fee proposal	2012/13 fee actual
Statement of Accounts (including whole of government accounts and Value for Money Conclusion)	71,250	71,250	74,350
Fee variation (pending Audit Commission approval)	3,216	-	--
Grant Certification fee:			
BEN01 Housing and Council Tax Benefit Scheme	29,568*	33,600	36,000
LA01 National Non Domestic Return	-	-	2,700
Fee variation (extended testing following error identification)	-*	-	6,627
TOTAL	104,034	104,850	119,677

* Our fee for certification of claims and returns is yet to be finalised for 2013/14 and will be reported to those charged with governance in March 2015 within the 2013/14 Annual Certification Report.



In the event that, pursuant to a request which North Norfolk District Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. North Norfolk District Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and North Norfolk District Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, North Norfolk District Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for North Norfolk District Council and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

© 2014 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

130610-142627-JA-UK