

The Annual Audit Letter for Chorley Council

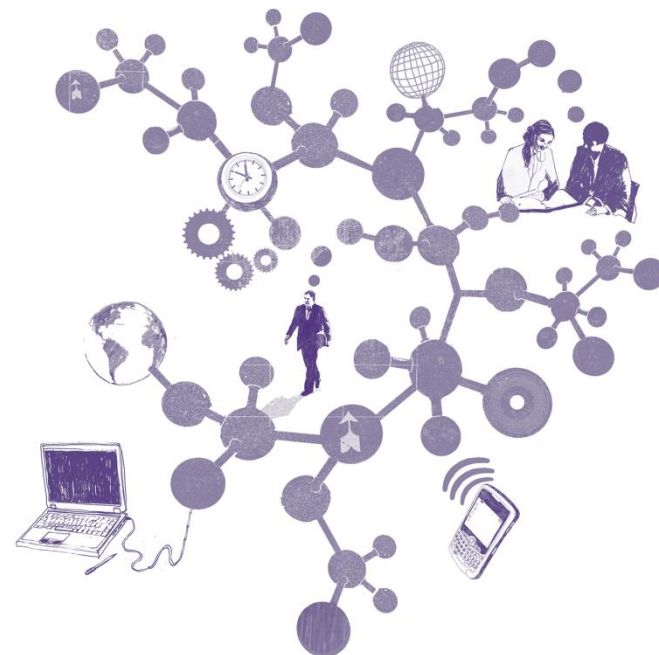
Year ended 31 March 2015

October 2015

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Contents

Section	Page
1. Key messages	3-4
Appendices	
A Key issues and recommendations	5
B Summary of reports and audit fees	6

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Chorley Council ('the Council') for the year ended 31 March 2015.

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 in March 2015 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 and Public Sector Audit Appointments Limited.

Financial statements audit (including audit opinion)	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 23rd September 2015 to the Governance Committee. The key messages reported were:</p> <ul style="list-style-type: none">• during the course of the audit it was identified that the arrangements for recording s106 agreements with developers, and the expected procedures for tracking trigger points and raising bills for income due, had not been followed for over a year. (S106 monies are amounts that developers of larger sites pay to enable the council to manage the wider impact of the development.). Council officers had already identified the issue and took immediate action to review the position in detail. The accounts for 2014-15 were amended to include an accrual for s106 monies of £1.050m; reducing net expenditure and increasing total usable reserves by the same amount• a number of amendments were made to improve the classification and disclosure of the notes to the accounts; and• officers decided not to amend the accounts in respect of additional disclosures in respect of the cash flow statement. <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 30th September 2015, 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>
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Key messages continued

Value for Money (VfM) conclusion	<p>Our work concluded that the Council is performing well, has sound financial governance arrangements and financial controls in place, despite continuing to operate in a very challenging financial environment.</p> <p>The Council met its savings target of £0.1m from management of the establishment, in addition to the £0.9m budget efficiency savings that were applied to the budget in setting the 2014/15 budget.</p> <p>The Council continues to be proactive in challenging the way it delivers its services for the residents of Chorley, whilst driving out any inefficiencies. The Council understands its costs allowing it to make informed decisions based on accurate information to drive its Corporate Strategy. The Council has been at the forefront of working with partners to shape the way local public services are delivered for the benefits of the residents of the borough.</p> <p>Going forward the Council has a significant budget gap up to 2017/18 which is currently estimated at £2.555m by 2017/18. Given the track record of the Council to continually deliver efficiencies and perform well, we are confident that the Council, is well placed to meet such challenges.</p> <p>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 2015. We issued an unqualified VFM conclusion on the 29th September 2015.</p>
Certification of housing benefit grant claim	<p>We are currently auditing the Council's Housing Benefit Grant Claim. The Council has good arrangements in place for submitting claims to be certified by us in line with the recognised deadlines. The claim is supported by appropriate evidence and staff have responded promptly to any queries raised by us.</p>
Audit fee	<p>Our fee for the audit for 2014/15 was £59,440 in line with our audit plan issued in March 2015. Subsequently the Council received a rebate issued by the Audit Commission of £6,109.</p>

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office
1.	<p>S106 monies</p> <p>During the course of the audit it was identified that the arrangements for recording s106 agreements with developers and the expected procedures for tracking trigger points and raising bills for income due had not been followed for over a year. Council officers had already identified the issue and took immediate action to review the position in detail. Internal audit are currently completing an investigation to assist management in this respect. Given the level of housing development in the area the amount of income involved is significant.</p> <p>Recommendation:</p> <p>Arrangements for the recording of and billing of income from developers in respect of S106 monies should be strengthened. Recommendations arising from the Internal Audit report should be implemented immediately and any wider lessons learnt disseminated across the council.</p>	High	<p>Responsible office: Director of Planning: Jamie Carson</p> <p>Date: 31st December 2015</p>

Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Council audit	59,440	59,440
Less rebate*		(6,109)
Housing benefit grant certification fee	8,910	8,910**
Total audit fees	68,350	62,241

* a rebate of £6,109 was issued by the Audit Commission in October 2014

** housing benefit certification work is on-going and the audit fee may vary in the unlikelyhood of significant issues being identified.

Fees for other services

Service	Fees £
Audit related services	Nil
Non-audit related services	Nil

Reports issued

Report	Date issued
Certification Letter	January 2015
Audit Plan	March 2015
Audit Findings Report	September 2015
Annual Audit Letter	October 2015



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