



The Annual Audit Letter for Preston City Council

Year ended 31 March 2014

October 2014

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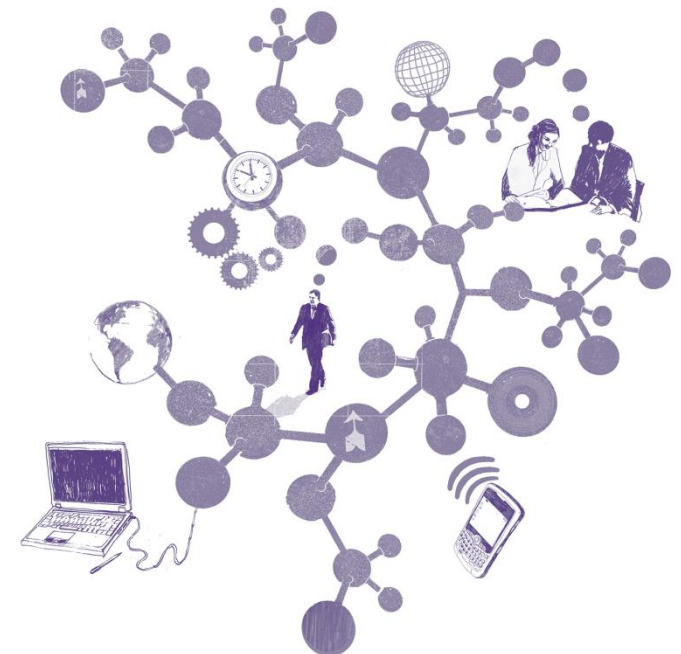
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Preston City Council ('the Council') for the year ended 31 March 2014.

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 April 2014 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.

Financial statements audit (including audit opinion)	<p>We reported our findings arising from the audit of the financial statements to the Audit Committee in our Audit Findings Report on 17 September. The key messages reported were:</p> <ul style="list-style-type: none">• the draft accounts and working papers were of good quality;• finance staff responded promptly to all audit queries;• the audit did not identified any material misstatements; and• we agreed some minor amendments to improve the classification and disclosures within the accounts. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 18 September 2014, 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>
Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2013/14 on 18 September 2014.</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 2014.</p>

Key messages

Whole of Government Accounts	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts. We reported that the elements of the pack we were required to review (the entries in respect of pensions and property plant and equipment) were consistent with the audited financial statements.</p>
Certification of grant claims and returns	<p>We are required to certify the Council's Housing Benefit Grant Claim by the 30 November 2014 in line with the Department of Work and Pensions deadline.</p> <p>Our work is now underway. To date the claim is supported by appropriate evidence and staff have responded promptly to any queries raised by us. We will complete this work in line with the deadline for submission to the Department for Work and Pensions.</p>
Audit fee	<p>Our fee for 2013/14 was £80,836, excluding VAT. There is an additional fee of £900 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NNDR3 claims and is subject to agreement by the Audit Commission.</p>

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation
1.	<p>The Council's programme of valuations is designed to revalue properties every five years, however not all assets in a class are revalued simultaneously. The Council's arrangements were reported to the accounts and audit committee in March 2014.</p> <p>From our review of the Council's arrangements we are satisfied the asset valuation process ensures a materially correct valuation is included in the accounts. However the policy in place does not fully comply with the Code.</p> <p>Recommendation: The Council should ensure that its valuation approach/ timetable complies with the CIPFA code requirements</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	£79,936	£80,836
Grant certification fee	£19,800	£19,800
Total fees	£99,736	£100,636

Fees for other services

Service	Fees £
None	Nil

There is additional fee of £900 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NNDR3 claims. The additional fee is 50% of the average fee previously charged for NNDR3 certifications for district councils and is subject to agreement with the Audit Commission

*estimate. The final fee will be confirmed after completion of the certification of the Housing Benefits claim

Reports issued

Report	Date issued
Audit Plan	April 2014
Audit Findings Report	September 2014
Annual Audit Letter	October 2014



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