



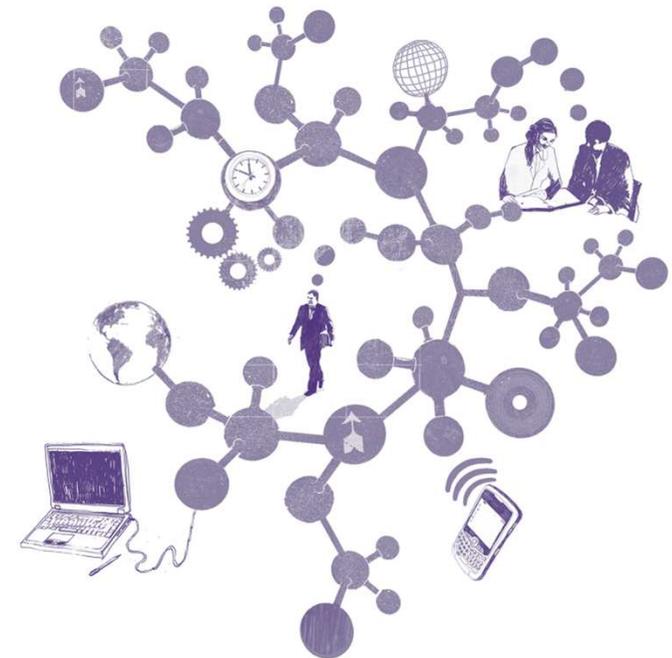
The Annual Audit Letter for Trafford Council

Year ended 31 March 2013

October 2013

Mick Waite
Engagement Lead
T 0161 234 6347
E mick.j.waite@uk.gt.com

Helen Stevenson
Audit Manager
T 0161 234 6354
E helen.l.stevenson@uk.gt.com



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Section 1: Executive summary

01. Executive summary

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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 Trafford 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 26 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 March 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
- our work on the certification of grant claims is on-going and will be reported in our Grant Certification report upon completion of our work

Executive summary (continued)

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.

During the year we concluded an objection to the Council's 2011/12 annual accounts in relation to the issue of fines for littering from vehicles. The Council took action to revise its processes and has subsequently ceased issuing penalty notices for littering to registered keepers of vehicles. We concluded that there was no subsequent formal audit action required under the Audit Commission Act 1998 and issued the audit certificate for 2011/12 in April 2013.

The Council has a good track of managing its financial performance. For 2012/13, the Council achieved an underspend of £2.5m (1.6%) against its revenue budget and achieved a budgeted savings and increased income target of £12.2m.

The Council has set a two year Financial Plan up to 2014-15 supplemented with further medium term planning through to 2018-19. The Plan to the end of 2014/15 sets out the requirement to meet a budget gap of £38.9m with a combination of efficiencies, new income and reserves, changes to terms and conditions and other saving

There are significant challenges ahead which will require further transformation to achieve savings while securing high quality services. The Council's disciplined and structured approach, will help ensure it meets these challenges successfully .

Acknowledgements

This Letter has been agreed with the Director of Finance and will be presented to the Accounts and Audit Committee on 20 November 2013.

We would like 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*

01. Executive summary

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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

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable. The financial statements submitted for audit were yet again of very good quality, delivered by an effective closedown process and supported by comprehensive working papers.

Issues arising from the audit of the accounts

We did not identify any material audit adjustments in the statement of accounts that affected the Council's reported assets and liabilities.

We identified a small number of adjustments to enhance disclosures and the presentation of the accounts, together with one non-material classification error relating to an adjustment from a prior year.

Whilst our work did not identify any control weaknesses within the Council's financial systems, we identified a control weakness in the filing and accessing of prime payroll records, which the Council is taking action to address.

Annual governance statement

We concluded that the Annual Governance Statement was consistent with our knowledge of the Council and did not identify any areas which required amendment.

Conclusion

In accordance with international standards of auditing, before giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (identified as the Accounts and Audit Committee at the Council). We presented our report to the Audit Committee on 26 September, and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 30 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.

During the year we determined an objection to the 2011/12 accounts. We decided that no further formal audit action was required, and we issued a Statement of Reasons to that effect on 27 February 2013. The certificate of closure of the 2011/12 audit has since been issued.

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.

Overall our work concluded that whilst the Council faces financial challenges, particularly from 2015/16 onwards, its current arrangements for securing financial resilience are good. There is appropriate challenge and support from members, and the Council prepares and keeps under review its medium term financial plan. There are good arrangements in place to monitor and manage revenue and capital budgets, and there are regular reports during the year to management and members on financial and service performance.

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. Our work examined the robustness of the Council's arrangements for delivery of savings and increased income which together amounted to £12.2m for 2012/13, and its plans for delivering further net savings of £38.9m over the next two years to the end of 2014/15.

The Council has responded well to the challenges of the Local Government Finance Settlement, delivering savings successfully, and targeting its resources effectively. There are significant challenges ahead which will require further transformation to secure savings and secure quality services. The Council's disciplined and structured approach, will help ensure it meets these challenges successfully.

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.

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

Our work on certification of grant claims and returns is on-going. Our work to date has not identified any issues which we wish to highlight. The detailed findings of our work will be reported in our Grant Certification report upon completion of our work.

Appendices

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and other services.

Fees

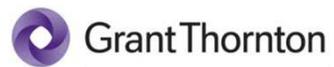
	Per Audit plan £	Actual fees £
Audit Fee	156,119	156,119
Grant certification fee	21,500	TBA
Total fees	177,619	TBA

Fees for other services

Service	Fees £
Additional testing on 2009/10 and 2010/11 Housing benefits claims	1,845
Additional audit work to consider and decide an objection on the 2011/12 accounts	15,740

Reports issued

Report	Date issued
Audit Plan	March 2013
Audit Findings Report	September 2013
VfM – Financial Resilience Report	September 2013
Annual Audit Letter	October 2013



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