

The Annual Audit Letter for Carlisle City Council

Year ended 31 March 2014

October 2014

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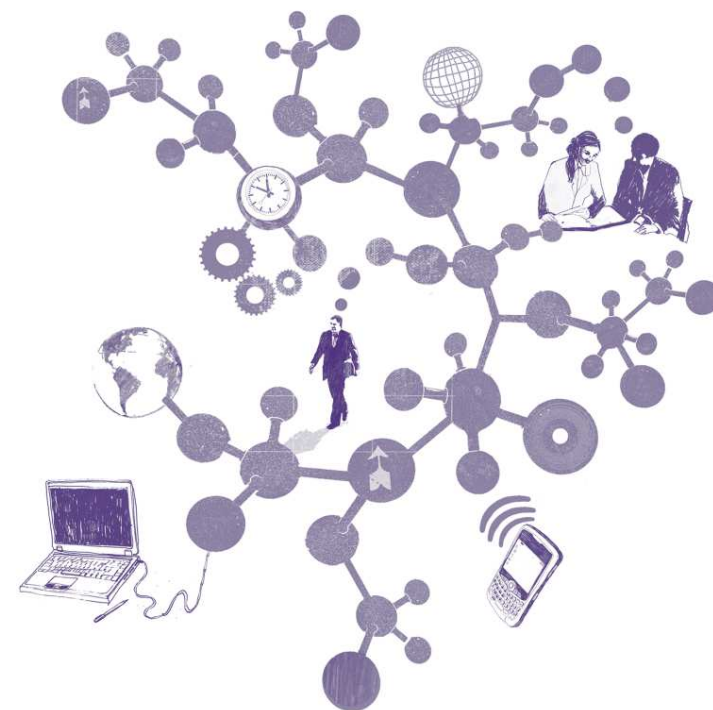
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Carlisle 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 on 14 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.

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| <p>Financial statements audit (including audit opinion)</p> | <p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 24 September 2014 to the Audit Committee. The key messages reported were:</p> <ul style="list-style-type: none"> • no adjustments affecting the Council's reported financial position. • one large amendment to correct investment categories and expected returns disclosed in the pensions notes • a number of other adjustments to improve the presentation and compliance of the financial statements. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 26 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> |
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Value for Money (VfM) conclusion

We issued an unqualified VfM conclusion for 2013/14 on 26 September 2014.

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.

The Council has adequate systems and processes in place to manage financial risks effectively. This helped it secure a stable financial position that enabled it to continue to operate for the foreseeable future. The Council's General Fund balance at 31 March 2014 was £3.945 million which meant it reached its target level of £2.6 million earlier than expected although £1.7 million is expected to be spent in 2014/15. Profiling and delivery of the capital programme has improved in 2013/14 but there is still further work to do in this area. A key change in 2014/15 is that capital resources will only be released once a detailed project delivery plan has been agreed by the Executive.

Key messages

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| <p>Value for Money (VfM) conclusion (Cont'd)</p> | <p>The Council prioritises its resources to take account of the tighter constraints it is required to operate within. The Council's 'Transformation Programme' provides a good basis for its strategic approach to delivering spending reductions. More benchmarking undertaken comparing Carlisle's 2012/13 position against the district council average and historic cities group. Public reporting against the 'Carlisle Plan' improved. Internal audit confirmed improved stewardship over monitoring arrangements on the Carlisle Leisure Ltd (CLL) contract.</p> |
| <p>Whole of Government Accounts</p> | <p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts and confirmed this was under the audit threshold of £350 million. We reported, as required, that there were no differences between the net book value totals for Property, Plant and Equipment (PPE), the net pension liability recorded within the Council's balance sheet and the disclosures within the consolidation pack, and no unexplained differences within the detailed disclosures.</p> |

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| <p>Certification of grant claims and returns</p> | <p>We will certify the Housing Benefit Subsidy claims by the deadline of 28 November 2014. Work is ongoing and we will need to issue a qualification letter.</p> |
| <p>Audit fee</p> | <p>Our fee for 2013/14 was £86,189, excluding VAT which was £900 more than our planned fee for the year. This compares with a fee of £92,303, excluding VAT, for 2012/13 and represented a reduction of 6.6% from the previous year. The main reasons for the reduction in fee are that in 2013/14 we were not required to certify the national non-domestic rates return and council tax benefit was no longer part of the housing benefits subsidy claim. Further detail on the 2013/14 fee is included within appendix A.</p> |

Appendix A: Reports issued and fees

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

Fees

| | Per Audit plan £ | Actual fees £ |
|-------------------------|---------------------|------------------|
| Audit Fee | 70,153 | 71,053 |
| Grant certification fee | 15,136 | 15,136 |
| Total fees | 85,289 | 86,189 |

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 NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for a district council and is subject to agreement by the Audit Commission.

Our grant certification fee is still an estimate as our work on the Council's Housing benefits subsidy claim is still ongoing and will not be finalised until late November 2014.

Fees for other services

| Service | Fees £ |
|---------|--------|
| None | Nil |

Reports issued

| Report | Date issued |
|-----------------------|----------------------------|
| Audit Plan | April 2014 |
| Audit Findings Report | September 2014 |
| Annual Audit Letter | October 2014 |
| Certification report | January 2015 (Estimate) |



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