

# The Annual Audit Letter for Gravesham Borough Council

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**Year ended 31 March 2015**

October 2015

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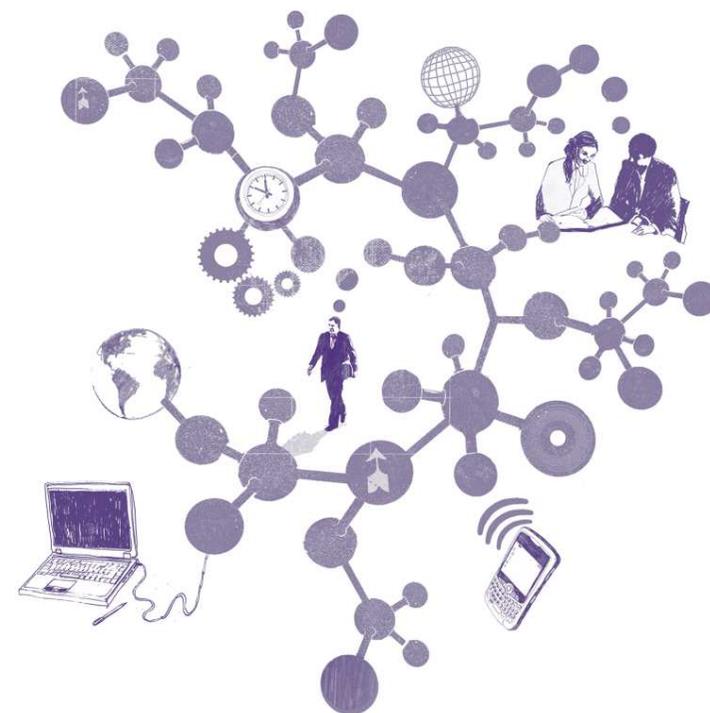
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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Gravesham Borough 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 June 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)**

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 15 September 2015 to the Finance and Audit Committee. The key messages reported were:

- the Council's reported financial position remained unchanged following our audit;
- overall improvements have been made this year and the direction of travel is positive, but more needs to be done to improve further the quality of the draft financial statements and working papers;
- the revaluation of other land and buildings was an issue last year and continued to be an issue this year with adjustments to the financial statements required; and
- looking ahead ensuring that a robust and speedy closedown processes is in place for the production of complete draft financial statements that are materially accurate and supported by good quality working papers will become increasingly important as the statutory deadlines for producing and auditing the financial statements moves forward.

We issued an unqualified opinion on the Council's 2014/15 financial statements on 28 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 financial position and of the income and expenditure recorded by the Council.

## Key messages continued

<b>Value for Money (VfM) conclusion</b>	<p>We issued an unqualified VfM conclusion for 2014/15 on 28 September 2015.</p> <p>The financial environment in which the Council operates is challenging. The Council's medium term financial strategy projects a balanced General Fund budget until the start of 2019/20. As at 31 March 2020 a £1.7million shortfall is predicted and annual shortfalls ranging between £2.4 million and £3.1million are forecast up until the end of 2024/25 . The Council is aware action needs to be taken now to mitigate the impact of these future funding gaps. The central focus of its action is a service review programme that commenced last year. The programme looks at each service to challenge how services are provided to deliver high quality services that meet the Council's Corporate Plan objectives. The programme is planned to finish by December 2016.</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.</p>
<b>Certification of housing benefit grant claim</b>	<p>We are currently completing our work on the Housing Benefits Subsidy return and anticipate being able to certify the claim by the deadline of 30 November 2015.</p>
<b>Audit fee</b>	<p>Detail on fees for the year are included in appendix A.</p>

# Appendix A: 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	71,059	TBC <sup>1</sup>
Housing benefit grant certification fee	9,860	TBC <sup>2</sup>
<b>Total audit fees</b>	<b>80,919</b>	<b>TBC</b>

1. Due to issues with the revaluation of other land and buildings audit inputs have been greater than planned. We have agreed an additional fee with officers of £6,250. Public Sector Audit Appointments still have to confirm this fee variation.
2. To be confirmed at the conclusion of the grant certification work.

## Fees for other services

Service	Fees £
<b>Audit related services</b>	
Pooling of Housing Capital Receipts Return	TBC <sup>2</sup>
<b>Non-audit related services</b>	
Investors in People accreditation	8,400

## Reports issued

Report	Date issued
Audit Plan	June 2015
Audit Findings Report	September 2015
Certification Report	Planned January 2016
Annual Audit Letter	October 2015



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