



# The Annual Audit Letter for Torbay Council

---

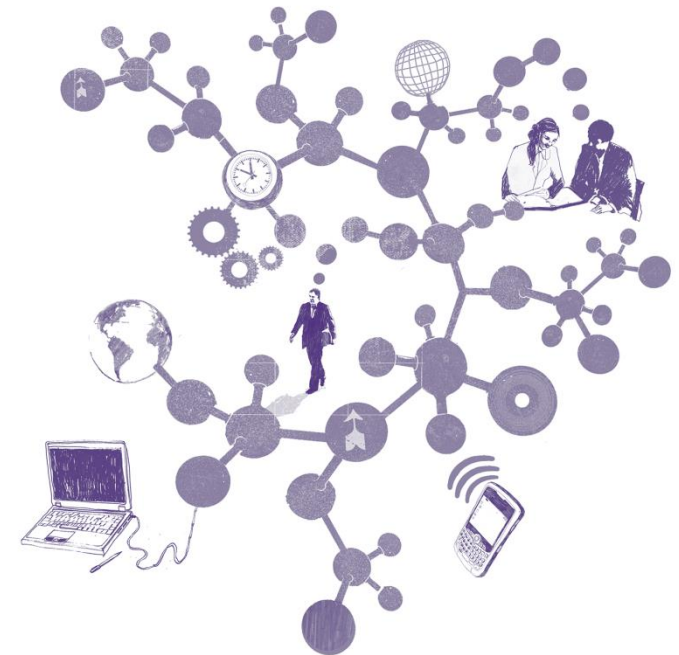
**Year ended 31 March 2015**

September 2015

**Alex Walling**  
Engagement Lead  
T 0117 305 7804  
E [alex.j.walling@uk.gt.com](mailto:alex.j.walling@uk.gt.com)

**Mark Bartlett**  
Manager  
T 0117 305 7896  
E [mark.bartlett@uk.gt.com](mailto:mark.bartlett@uk.gt.com)

**Lesley Whitworth**  
Executive  
T 0117 305 7854  
E [lesley.a.whitworth@uk.gt.com](mailto:lesley.a.whitworth@uk.gt.com)



---

# Contents

| <b>Section</b>                      | <b>Page</b> |
|-------------------------------------|-------------|
| 1. Key messages                     | 3           |
| <b>Appendices</b>                   |             |
| 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 Torbay 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 on 18 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.

|   |   |
|---|---|
| <b>Financial statements audit (including audit opinion)</b> | <p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 29 July 2015 to the Audit Committee. The key messages reported were:</p> <ul style="list-style-type: none"><li>• the timetable agreed with the finance team enabled an early audit start date of 15 June with reporting to the Audit Committee at the end of July</li><li>• we had a number of helpful early discussions with the finance team around key technical issues, which enabled the early resolution of issues that would have been difficult to resolve promptly once the audit was in progress</li><li>• the draft accounts were produced to a good standard, which was a credit to the finance team given the early timetable</li><li>• the audit was facilitated by good supporting working papers and excellent assistance from the finance team.</li></ul> <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 20 August 2015, well ahead of 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> |
| <b>Value for Money (VfM) conclusion</b>                     | <p>We issued an unqualified VfM conclusion for 2014/15 on 20 August 2015.</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>   |

---

## Key messages (continued)

|   |  |
|---|--|
| <b>Certification of housing benefit grant claim</b> | Our work on the Council's housing benefit subsidy claim is in progress and the results of the work will be reported in the Certification Report later this year. |
| <b>Audit fee</b>                                    | Our fee for 2014/15 was £136,070 excluding VAT which was in line with our planned fee for the year. Further detail is included within appendix B.                |

# 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/ due date   |
|-----|--|----------|---|
| 1.  | <p>The Council's Medium Term Resource Plan (MTRP) has a gap of £32.8m over the 2016/17 - 2018/19 period. This represents a considerable challenge for the Council given the savings it has had to make in recent years.</p> <p><b>Recommendation:</b> The Council must urgently develop realistic savings plans to bridge the budget gaps in 2016/17 to 2018/19.</p>   | High     | <p>Accepted – Senior Leadership Team (SLT) are considering options to inform the budget process. The aim is to have a three year budget agreed in 2015/16.</p> <p>Responsible officer: Martin Phillips – Chief Accountant<br/>Due date: February 2016</p> |
| 2.  | <p>The Council's 2015/16 budget includes savings of £12m. If these are not achieved there will be even greater pressure on the savings to be identified in 2016/17 to 2018/19. The 2015/16 savings are being separately monitored by a savings tracker that is reported to SLT.</p> <p><b>Recommendation:</b> With continuing in-year pressures on Childrens' Services and Adult Social Care, the 2015/16 savings will require careful monitoring throughout the year.</p> | High     | <p>Accepted – SLT receive monthly updates on the financial position and action plans are implemented as necessary.</p> <p>Responsible officer: Martin Phillips – Chief Accountant<br/>Due date: On-going</p>  |
| 3.  | <p>The risk management arrangements is still not fully embedded at the operational risk management level and the format of the reporting of the strategic risk register to members is still developing, although progress is being made.</p> <p><b>Recommendation:</b> The Council must continue to work to fully embed the risk management process throughout the Council.</p>  | High     | <p>Accepted – Risk management arrangements and reporting are being improved.</p> <p>Responsible officer: Anne-Marie Bond – Assistant Director for Corporate and Business Services<br/>Due date: On-going</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<br>£ | Actual fees<br>£ |
|--|---------------------|------------------|
| Audit fee                                | 136,070             | 136,070          |
| Housing benefit grant certification fee* | 12,840              | 12,840           |
| <b>Total audit fees</b>                  | <b>148,910</b>      | <b>148,910</b>   |

\* This work is on-going and the final fee will be notified in the Certification Report later this year.

## Fees for other services

| Service                           | Fees £ |
|-----------------------------------|--------|
| <b>Audit related services</b>     |        |
| • Teachers Pension                | 3,800  |
| <b>Non-audit related services</b> | Nil    |

## Reports issued

| Report                | Date issued    |
|-----------------------|----------------|
| Audit Plan            | March 2015     |
| Audit Findings Report | July 2015      |
| Certification Report  | December 2015  |
| Annual Audit Letter   | September 2015 |



© 2015 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

**[grant-thornton.co.uk](http://grant-thornton.co.uk)**