



# The Annual Audit Letter for Dover District Council

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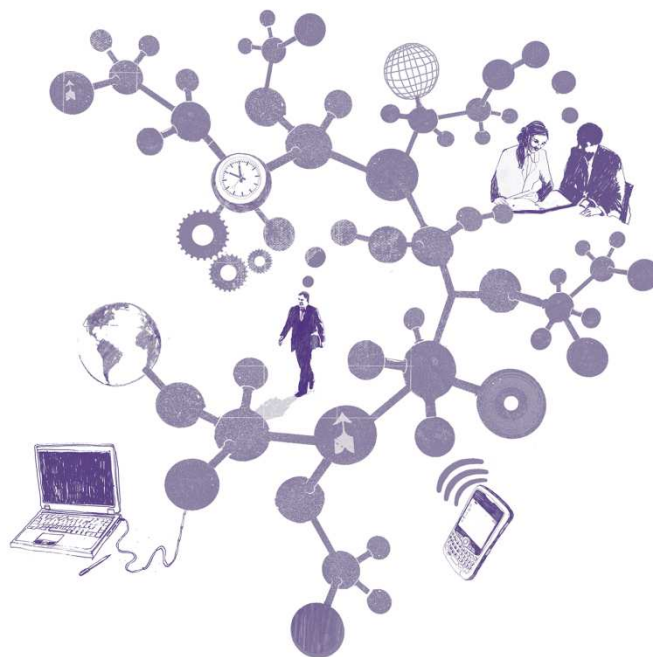
**Year ended 31 March 2015**

October 2015

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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Dover District 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)	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 22 September 2015 to the Governance Committee. The key messages reported were:</p> <ul style="list-style-type: none"><li>• the Council produced a good set of accounts supported by working papers;</li><li>• staff responded quickly and helpfully to queries;</li><li>• the accounts were adjusted to reflect a post balance sheet event in relation to a recent case that has set a precedent for a reduction in the rateable value of large purpose built GP surgeries/health centres back to 2005. This resulted in an increase of £1.3m to provisions changes to government grants, and corresponding adjustments across the financial statements; and</li><li>• a number of other adjustments to the financial statements to improve the presentation and disclosures of the financial statements.</li></ul> <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 30 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 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 2014/15 on 30 September 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>
Certification of housing benefit grant claim	<p>We are currently completing our work to certify the Council's 2014/15 housing benefit grant claim by the 30 November 2015 deadline. We will report our findings on the Annual Certification Report to Governance Committee in December 2015.</p>
Audit fee	<p>Our fee for 2014/15 was £71,580, excluding VAT which was in line with our planned fee for the year and prior year. Further detail is included within appendix B.</p>

# 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>Looking ahead, the statutory deadline for sign off audit opinions moves forward to 31 July in 2017/18. The Council will need to produce draft statements by 31 May.</p> <p><b>Recommendation:</b> The Council should consider arrangements required to bring forward the timescale for closure of the financial statements, in readiness for statutory early closure in 2017/18.</p>	High	<p>The Council will look at the feasibility of setting earlier closure dates for 2015/16 as a trial.</p> <p><b>Responsible office:</b> Director of Finance, Housing and Community  <b>Due date:</b> Autumn 2015</p>
2.	<p>Our audit review identified a need to review the underlying information for home improvement loans to ensure that records are fully up to date such as timing of grants and loans.</p> <p><b>Recommendation:</b> The Council should undertake a review of the underlying home improvement loan records to ensure they provide comprehensive supporting information.</p>	Medium	<p>Initial work has been undertaken on the home improvement loan records reconciliation. As at accounts audit date the data in the accounts is correct. Some corrections are required to the treatment of the loans in the housing records to bring them into line.</p> <p><b>Responsible office:</b> Director of Finance, Housing and Community  <b>Due date:</b> Autumn 2015</p>
3.	<p>Staff pressures have particularly impacted on the bank reconciliation with the latest reconciliation completed at June 2015 being March 2015.</p> <p><b>Recommendation:</b> The Council should ensure the bank reconciliation is kept up to date on a monthly basis and any on-going variances are cleared.</p>	Medium	<p>Due to staffing pressures, there has been a delay in progress to bring the bank reconciliation up-to-date. Work is on-going to achieve this and will be resolved by final accounts time.</p> <p><b>Responsible office:</b> Director of Finance, Housing and Community  <b>Due date:</b> July 2015  <b>Update:</b> As at accounts audit, the bank reconciliation completion was up to date.</p>
4	<p>It was noted that there was a deficiency in the authorisation of journals, due to changes in the approach this year.</p> <p><b>Recommendation:</b> The Council should consider how they assure themselves over journals. This could include monthly or quarterly reviews considering exception reporting parameters i.e. large items, those processed by inexperienced or unusual staff members, those processed outside usual hours etc</p>	Medium	<p>The authorisation of all journals was seen as impractical and not working as an effective control.</p> <p><b>Responsible office:</b> Director of Finance, Housing and Community  <b>Due date:</b> July 2015  <b>Update:</b> Quarterly review of actual versus budget and segregation of duties controls in place at year end.</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 £	Actual fees £
Council audit	71,580	71,580
Housing benefit grant certification fee	22,040	tbc
<b>Total audit fees</b>	<b>93,620</b>	<b>tbc</b>

\* Additional fees are expected to be charged in respect of additional testing performed in relation to the BEN01 housing benefit grant claim for 40+ testing required to be completed by audit team, rather than the authority. This work is on-going and any increase in fee subject to agreement of Public Sector Audit Appointments Ltd.

### Fees for other services

Service	Fees £
<b>Audit related services</b>	
Certification of pooling of housing capital receipts return	tbc
<b>Non-audit related services</b>	Nil

### Reports issued

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



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