

# The Annual Audit Letter for Dudley Metropolitan Borough Council

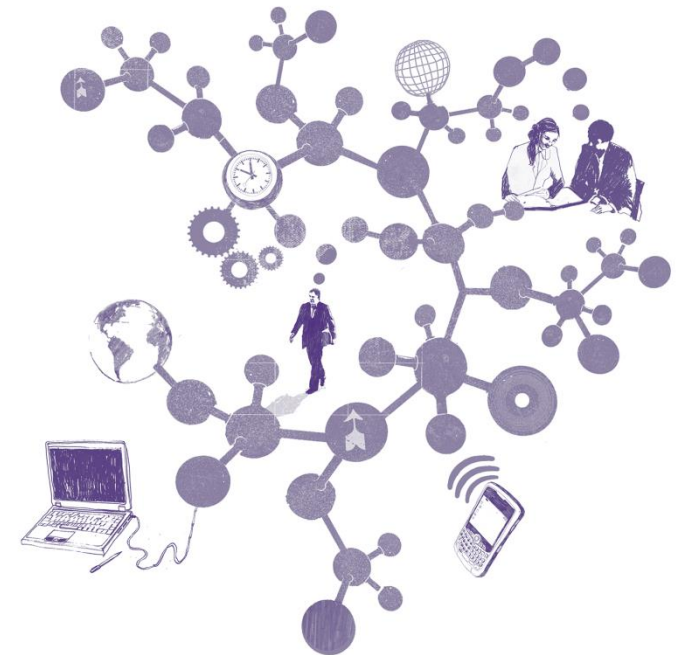
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**Year ended 31 March 2015**

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 Dudley Metropolitan 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 April 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 17<sup>th</sup> September 2015 to the Audit and Standards Committee. The key messages reported were that the accounts were to a good standards together with appropriate working papers. We did not identify an adjustments to the reported financial position but did make a number of minor adjustments to improve the presentation of the financial statements.</p> <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 18<sup>th</sup> 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>
<b>Value for Money (VfM) conclusion</b>	<p>We issued an unqualified VfM conclusion for 2014/15 on 18<sup>th</sup> September 2015. 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> <p>However in the medium term the Council faces significant financial challenges. The 15/16 budget shows a deficit and use of general fund reserves of £6.5m and further deficit positions in 16/17 and 17/18 resulting in a deficit by 2018 which cannot be met from reserves. The Council has a number of options available which it has been considering during the first half of 2015/16. These include further savings plans, review of earmarked reserves and a review of its MRP policy. The Council will also need to review the range and nature of non essential services in the medium term.</p>

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## Key messages continued

<b>Whole of Government Accounts</b>	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.
<b>Audit fee</b>	Our fee for 2014/15 was £179,647, 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 officer/ due date
1.	<p>As in the prior year our testing did identify an issue regarding a number of journals being posted with no description. This could lead to an increased risk of fraud although, no fraud was identified from our testing.</p> <p><b>Recommendation:</b> The Council should ensure that all journals contain an appropriate description</p>	High	<p>The system no longer allows automated journals to not contain a description. For manual journals, all accountancy staff have been reminded about the importance of appropriate descriptions and this is monitored regularly.</p> <p><b>Responsible office:</b> Head of Finance</p> <p><b>Due date:</b> 31/3/2015</p>

# Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

## Fees

	Per Audit plan £	Actual fees £
Council audit	179,647	179,647
Grant certification on behalf of Audit Commission	17,540	17,540 <sup>1</sup>
<b>Total audit fees</b>	<b>197,187</b>	<b>197,187</b>

1. The grant certification fee is indicative and may vary dependent upon the final levels of audit required. We are still completing our grant certification work and will report upon the fee once it is completed.

## Reports issued

Report	Date issued
Audit Plan	April 2015
Audit Findings Report	September 2015
Annual Audit Letter	October 2015

## Fees for other services

Service	Fees £
<b>Audit related services</b>	
13/14 Teachers Pensions Return	6,500
<b>Non audit related services</b>	
Assistance with the strategic options for the research, development and manufacture of Very Light Rail.	26,000

# Appendix B: How we have worked with you during the year

## Senior officer team

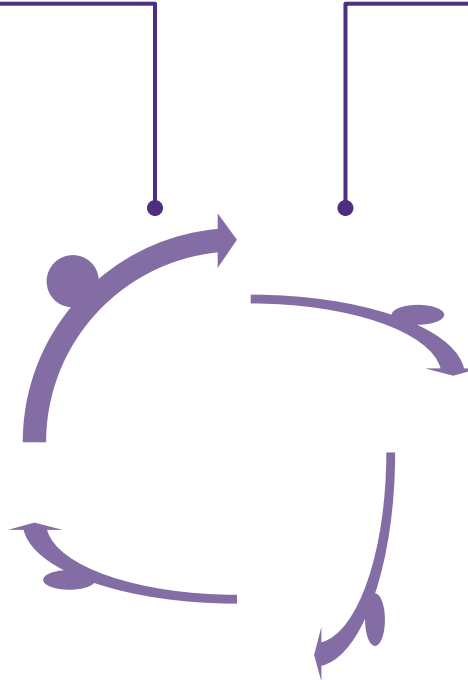
### We:

- met regularly with the Chief Executive and Chief Officer (finance and legal) to discuss some of your major projects and to share our insight into national Local Government issues.
- shared our annual reports on Local Government Governance and Financial Resilience.
- shared our understanding of some of the key issues facing Local Government through our thought leadership reports covering Alternative Delivery Models, Financial Sustainability in Local Government and Devolution.
- worked closely with the finance department to bring forward the accounts production and audit processes.
- shared technical knowledge, provided early warning on key risks.
- provided an opportunity to network with other Local Government bodies at our workshops covering taxation issues, building a successful local authority trading company, Local Government financial self sufficiency and 20:20 vision.
- met with other senior officers to develop our understanding of the Council and to support our Value for Money Conclusion.

## Members

### We:

- attended all of the Audit and Standards Committee meetings to ensure you were kept up to date with the audit progress, as well as emerging issues affecting the wider Local Government Sector.
- invested in regular dialogue with the audit committee to ensure there were no surprises and to maintain a robust and independent stance.
- provided regular, timely and transparent reports from our work and briefing notes on key sector developments.
- presented our annual audit letter at a Council meeting.





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