



# The Annual Audit Letter for Waverley Borough Council

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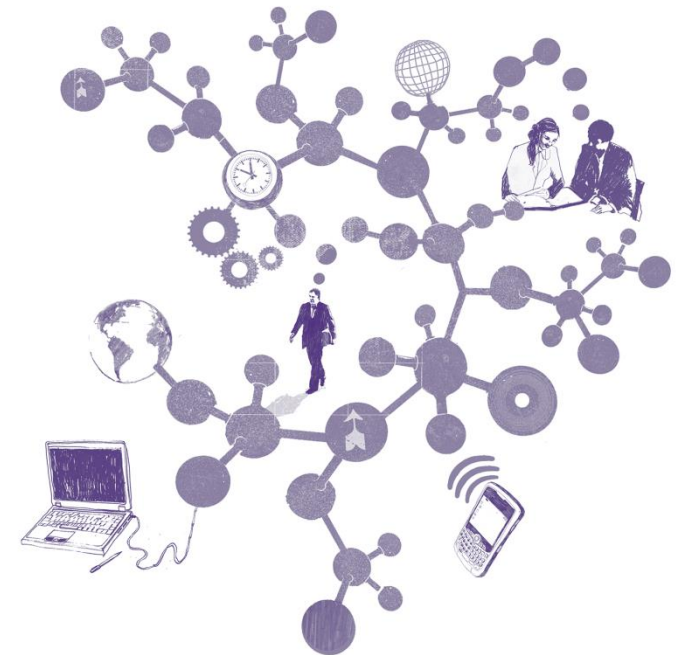
**Year ended 31 March 2015**

30 October 2015

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# Contents

<b>Section</b>	<b>Page</b>
1. Key messages	2

## **Appendices**

- A Key issues and recommendations
- B Summary of reports and audit fees

# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Waverley 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 on 23 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 15 September 2015 to the Audit Committee. The key messages reported were:</p> <ul style="list-style-type: none"><li>• As in previous years, your draft financial statements and working papers were of a very high standard which was reflected by the minimal amount of issues identified and speed in which we were able to complete our audit work.</li></ul> <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 22 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 22 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> <p>We did however identify that the Council faces challenges going forward in respect of the Brightwells Development, the new Local Plan and the further level of savings which need to be identified during 2016-17 and 2017-18. Details of the three residual risks identified, along with the relevant management responses, can be seen in Appendix A.</p>

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## Key messages continued

<b>Certification of housing benefit grant claim</b>	We plan to certify your 2014/15 housing benefit grant claim by the required deadline, along with issuing any qualification letter required if applicable.
<b>Audit fee</b>	Our fee for 2014/15 was £71,851, excluding VAT, which was in line with our planned fee for the year and was consistent with the fee in the previous 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>You have identified the need to locate an additional £900k of savings in each of the next two financial years. Whilst you have a good track record of achieving savings, savings of this level will pose a challenge and a residual risk to your strategic financial planning.</p> <p><b>Recommendation:</b> Ensure that you continue to monitor progress to identify any potential shortfalls as soon as possible so mitigating actions can be taken.</p>	Medium	<p>In the light of the projected savings target, Officers are already working with key Members to ensure that the 16/17 budget process is effective and robust. This is likely to involve a more intense scrutiny of budgets and future service plans from Heads of Service. Officers will continue to monitor progress in this year to ensure that shortfalls and surpluses are identified and reported as appropriate.</p> <p>Responsible officer: Graeme Clark, Director of Finance and Resources Due date: On-going</p>
2.	<p>The Brightwells development continues to remain a key priority, the development successfully broke ground during April 2015 meaning the existing planning application remains valid. Discussions with the developers remain in progress, and you are aware of the need to obtain best consideration for the site, which will be critical given the time and resource invested in the project to date.</p> <p><b>Recommendation:</b> Ensure the Council works towards obtaining best consideration for the Brightwells development.</p>	Medium	<p>The Brightwells planning application has now been implemented and work has started on site. Officers continue to work with Crest Nicholson and the funder to refine the financial and legal proposals of this complex project to enable them to be reported to Members for the appropriate decisions. External legal and property advice is being sought as required to ensure that due process is followed.</p> <p>Responsible officer: Graeme Clark, Director of Finance and Resources Due date: On-going</p>

## Appendix A: Key issues and recommendations (continued)

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
3.	<p>Linked to the Brightwells development, your processes to develop and update the Local Plan appear to be robust, and involve the right level of stakeholder involvement. You have been clear in communicating progress to date. However the plan provides a key plank in how you will manage development in the Borough, in particular the development of more affordable housing. The Plan will be an important factor in enabling you to deliver many of your priorities over the coming years.</p> <p><b>Recommendation:</b> Ensure that the Local Plan is progressed to ensure a robust updated Plan is in place as soon as possible.</p>		<p>The Council recognises that the Local Plan is an important priority and is putting significant resources into its production. Following a major consultation exercise in 2014, Officers are working through the required stages in accordance with the detailed project plan. Members are being informed of progress throughout the project.</p> <p>Responsible officer: Matthew Evans, Head of Planning 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 £	Actual fees £
Council audit	71,851	71,851
Housing benefit grant certification fee*	13,240	TBC
Shottermill Recreation Ground Trust*	5,000	TBC
Ewart Bequest Trust*	2,000	TBC
<b>Total audit fees</b>	<b>92,091</b>	<b>TBC</b>

## Fees for other services

Service	Fees £
Pooling of Housing Capital Receipts Fee*	2,800

\* The work on your Housing Benefit Return, Pooling of Housing Capital Receipt Return and the Trusts is still in progress at the date of issuing the Annual Audit Letter, and any additional fee will be discussed and agreed with you and reported to the Audit Committee as required.

## Reports issued

Report	Date issued
Audit Plan	23 March 2015
Audit Findings Report	15 September 2015
Certification Report	TBC (upon completion of Housing Benefit Work)
Annual Audit Letter	30 October 2015



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