

Annual Audit Letter to:
City of York Council



Audit 2012/13

September 2013



Contents

- 03 Key messages
- 04 Looking to the future
- 05 Financial statements
- 06 Securing economy, efficiency and effectiveness
- 07 Fees and closing remarks

Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Key messages

The 2012/13 audit for City of York Council was completed on 30 September 2013, in line with Audit Commission requirements. Our work confirms that:

- **The 2012/13 Statement of Accounts (now published) gives a true and fair view of the Council's financial position**
- **The Council has accurately reported its financial performance to Government through the whole of government accounting process**
- **Expected arrangements were in place for securing value for money**
- **There were no objections to the Council's accounts and we have certified our formal closure of the 2012/13 audit**

This letter represents the completion of our first year as your appointed auditor. We are grateful for the cooperation and assistance provided by Directors and staff in completing our work.

Looking to the Future

In common with most other councils, City of York has seen significant funding reductions since 2010. The Council has worked hard to deliver challenging savings targets and secure financial stability whilst at the same time maintaining and in some cases even improving local services, for example by opening the new Customer Centre at West Offices.

Key challenges for the coming 12 months include:

- Progressing infrastructure projects such as the Community Stadium and Poppleton Park and Ride;
- Reworking the joint waste project;
- Increasing availability of affordable housing; and
- Managing continuing demand for social care services.

Our 2013/14 audit will focus on the risks that these challenges present to the Council's financial statements and to its ability to maintain proper arrangements for securing value for money.

We will share relevant insights that we have as a national and international accounting and advisory firm with experience of working with other public sector and commercial service providers.

Financial statements

Year end financial statements are an important tool for local authorities to demonstrate how they have used public money. We issued an unqualified opinion on the Council's 2012/13 financial statements on 30 September 2013.

A number of adjustments were made to the accounts as a result of our audit, however most of the changes were presentational in nature and did not affect the overall financial position of the Council, as previously reported to members.

We have made a number of recommendations for officers to consider when preparing next year's accounts:

- The Council should update the publication template which it uses for producing its year end financial statements;
- Heritage assets, and West Offices, should be revalued in 2013/14; and
- Leasing records should be reviewed and updated.

Our detailed findings were reported in our Audit Completion Report to the Audit and Governance Committee on 26 September 2013.

Securing economy, efficiency and effectiveness

We assess Councils' arrangements against the two criteria specified by the Audit Commission, namely:

- securing financial resilience; and
- ensuring economy, efficiency and effectiveness in the use of resources.

For 2012/13 the Audit Commission identified and published a number of sector specific factors likely to be relevant to all local authorities in the current economic climate. Our work has been directed towards these factors, and identified that:

- Savings in excess of £20m have been made over the past two years through a combination of efficiency gains, targeted service reductions, and increased fees and charges;
- Through public meetings, online media and press coverage, stakeholders, staff and local people have a good understanding of the Council's financial position and the choices that need to be made;
- The Council has a good track record of managing expenditure within budget overall, but does experience particular pressure on adult social care budgets. This is being tackled by extending the use of direct payments and personal budgets, reviewing eligibility criteria and outsourcing elderly persons' homes.

We did not identify any significant weaknesses in the Council's arrangements and were able to issue an unqualified value for money conclusion alongside our opinion on the financial statements.

Fees and closing remarks

Our audit fees for the year are in line with those communicated in our Audit Strategy Memorandum dated February 2013, being:

- £134,406 (ex VAT) for audit work; and
- £20,950 (ex VAT) for the certification of grant claims.

We did not undertake any non-audit services in 2012/13, however we were commissioned to undertake a review of budget management in Adult Social Care services, which has been carried out in 2013/14.

We have discussed and agreed this letter with the Director of Customer and Business Support Services and will provide copies to all Directors and elected members. Further detailed findings and conclusions in the areas covered by our audit are included in the reports we have issued during the year.

Report	Date issued
2012/13 Audit Fee Letter	November 2012
Audit Strategy Memorandum	February 2013
Audit Progress Reports	February 2103 June 2013 July 2013
Audit Completion Report Audit opinion on the financial statements Assurance statement on Whole of Government Accounts return Audit certificate	September 2013

Steve Nicklin
Director
Mazars LLP
September 2013

Should you require any further information,
please do not hesitate to contact:

Steve Nicklin

Director

T: 0191 383 6315

M: 07968 959 731

E: steve.nicklin@mazars.co.uk

The Rivergreen Centre

Aykley Heads

Durham DH1 5TS

Mazars LLP is the UK firm of Mazars, the international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England with registered number OC308299.

© Mazars LLP 2013