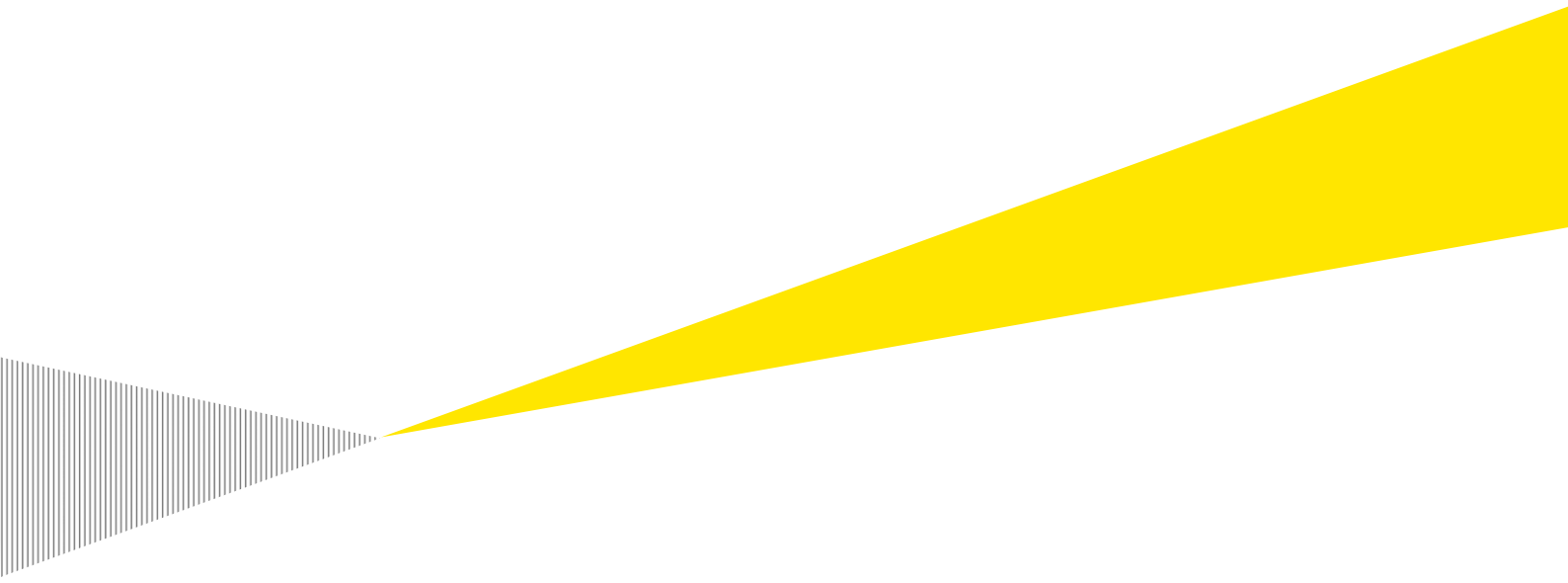


# Broads Authority

Year ending 31 March 2013

Annual Audit Letter

31 October 2013



Building a better  
working world

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The Members  
Broads Authority  
Yare House  
62-64 Thorpe Road  
Norwich  
NR1 1RY

16 October 2013

Dear Members,

## **Annual Audit Letter**

The purpose of this Annual Audit Letter is to communicate to the Members of the Broads Authority and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with governance of the Broads Authority in the 2012/13 Audit results report for the Broads Authority, issued 19 September 2013.

The matters reported here are the most significant for the Authority.

I would like to take this opportunity to thank the officers of the Broads Authority for their assistance during the course of our work.

Yours faithfully



Neil Harris  
Director  
For and behalf of Ernst & Young LLP  
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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# 1. Executive summary

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan we issued on 4 June 2013 and is 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.

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of the Broads Authority for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland).	On 30 September 2013 we issued an unqualified audit opinion in respect of the Authority.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 30 September 2013 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Financial Scrutiny and Audit Committee) communicating significant findings resulting from our audit.	On 19 September 2013 we issued our report in respect of the Authority.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 30 September 2013.
Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	We did not issue such a report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	We did not take such action.
Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	On 30 September 2013 we issued our audit completion certificate.

## 1.1 Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Planned fee	Scale fee	Final
Code audit work	£13,943	£13,943	£13,943
Non-Code work	Nil	Nil	Nil

Our actual fee is in line with the agreed fee for the Code audit work.

We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

## 2. Key findings

### 2.1 Financial statement audit

We audited the Authority's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 30 September 2013.

In our view, the quality of the process for producing the accounts, including the supporting working papers was good.

The main issues identified as part of our audit were:

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#### Significant risk: Valuation of Property, Plant and Equipment

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We carried out the following audit procedures and have no issues to report:

- ▶ reviewed and assessed the experience and qualifications of the Authority's valuation experts;
  - ▶ tested the Authority's valuation movements to valuation indices provided by our own expert; and
  - ▶ tested a sample of valuations to the underlying reports.
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#### Other risk 1: The accounting and disclosure of exit packages and termination benefits.

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We tested the completeness of the exit packages identified in the financial statements and assessed disclosures made to the Code requirements. We have no issues to report.

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#### Other risk 2: Risk of misstatement due to fraud and error.

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We carried out the following audit procedures and did not identify any specific fraud risks:

- ▶ made enquiries and assessed management's response about risks of fraud and the controls put in place to address those risks;
  - ▶ assessed the oversight given by the Financial Scrutiny and Audit Committee, as those charged with governance, of management's processes over fraud; and
  - ▶ performed mandatory procedures regardless of specifically identified fraud risks.
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### 2.2 Value for money conclusion

The scope of my work on value for money at the Authority is limited to:

- ▶ reviewing the Annual Governance Statement (AGS);
- ▶ reviewing the results of the work of other relevant regulatory bodies or inspectorates, to consider whether there is any impact on my responsibilities; and
- ▶ other risk-based work as suitable.

We issued an unqualified value for money conclusion on 30 September 2013. Our audit did not identify any significant matters.

### 2.3 Whole of government accounts

We reported to the National Audit office on 30 September 2013 the results of our work performed in relation the accuracy of the pension liabilities and property, plant and equipment disclosed in the consolidation pack the Authority is required to prepare for the whole of government accounts. We did not identify any areas of concern.



## **2.5 Annual governance statement**

We are required to consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance. We completed this work and did not identify any areas of concern.

### 3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal of internal control we are required to communicate to those charged with governance at the Authority, as required, significant deficiencies in internal control.

We have not identified any significant weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not aware.

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Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

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