

Tyne and Wear Integrated
Transport Authority

Annual Audit Letter

on the 2012/13 Audit

October 2013

Members of the Tyne and Wear Integrated Transport Authority
Civic Centre
Newcastle upon Tyne
NE1 8PD

30 October 2013

Dear Sirs

We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the year ended 31 March 2013.

Although this letter is addressed to the members of Tyne and Wear Integrated Transport Authority ("the Authority"), it is also intended to communicate any issues identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website at www.audit-commission.gov.uk and also on the Authority's website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from www.audit-commission.gov.uk.

This letter has been discussed and agreed with the Chief Financial Officer. A copy of the letter will be provided to all Members.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. Our aim is to deliver a high standard of audit which makes a positive and practical contribution which supports the Authority's own agenda. We recognise the value of your co-operation and support.



Engagement Lead

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1. Key messages

Statement of Accounts

Unqualified opinion issued on 27 September 2013

In 2012/13 the Authority was required to prepare its Statement of Accounts in accordance with International Financial Reporting Standards (“IFRS”). The adoption of a Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on IFRS resulted in a number of minor changes to accounting policies and disclosures.

The Statement of Accounts was prepared, audited and closed in accordance with the agreed timetable. The Authority achieved a good standard of financial reporting.

We issued an unqualified audit opinion on the Statement of Accounts on 27 September 2013.

Value for money conclusion

Unqualified opinion issued on 27 September 2013

We issued an unqualified value for money conclusion on 27 September 2013.

Annual Governance Statement

All relevant governance matters were adequately and appropriately disclosed

We considered the contents of the Annual Governance Statement and confirmed that the Statement adequately and appropriately disclosed all relevant governance matters arising in the year.

Whole of Government accounts and audit certificate

Unqualified opinion issued on 4 October 2013

The Whole of Government Accounts return was presented for audit by the deadline set by HM Treasury. We issued an unqualified opinion on the Whole of Government Accounts return on 4 October 2013.

The audit certificate of completion of the audit was issued on 4 October 2013.

Financial reporting systems

No significant weaknesses noted

We did not identify any significant weaknesses in the financial reporting systems.

2. Responsibilities and scope

Responsibilities of the Authority and Auditors

The Authority is responsible for maintaining the control environment, the accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England, including Integrated Transport Authorities.

As the Authority's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- the Authority's accounts; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on IFRS and other relevant legislation. We conducted our work on the value for money conclusion in line with guidance received from the Audit Commission in respect of other local government bodies for the financial year ended 31 March 2013.

3. The audit of the accounts

Key issues arising from the audit of the accounts

Statement of Accounts

Unqualified opinion issued on 27 September 2013

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report was discussed with the members of the Audit Committee on 18 September 2013 and the Full Committee on 26 September 2013 and there were no key issues to report.

We issued an unqualified opinion on the Authority's 2012/13 accounts on 27 September 2013, in accordance with the deadline set for local government bodies. Our opinion confirmed that the accounts presented a true and fair view of the financial position of the Authority and its income and expenditure for the year.

Key issues from work performed on the Statement of Accounts

There were no identified uncorrected misstatements or disclosure deficiencies

We received a set of draft accounts in advance of the agreed deadline, which were supported by working papers. The finance staff were helpful throughout the process and responded swiftly to all queries. This performance reflects well on the professionalism of the finance staff and their commitment to maintaining high-level controls over financial systems. There were no identified uncorrected misstatements or disclosure deficiencies.

Annual Governance Statement

The Statement includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements

As appointed auditors, we review the Annual Governance Statement ("AGS") and comment on any inconsistencies noted between the AGS and our audit work, other work relating to the Code of Audit Practice, and our understanding of the Authority's Governance arrangements. We have concluded that the Statement includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements and internal controls derived from our audit work.

Whole of Government Accounts return

Unqualified opinion issued on 4 October 2013

The Whole of Government Accounts return was presented for audit by the deadline set by HM Treasury. We issued an unqualified opinion on the Whole of Government Accounts return on 4 October 2013.

Audit Certificate

Issued on 4 October 2013

When our audit is complete we are required to certify the closure of the audit. The audit certificate was issued on 4 October 2013.

4. Value for money

Background and approach

Under the Audit Commission Code of Audit practice, as appointed auditors, we are required to draw a positive conclusion regarding the organisation's arrangements to secure economy, efficiency and effectiveness of its use of resources (the value for money (VFM) conclusion).

In 2012/13 as set out in the [Work Programme and Scales of Fees 2012/13: Local Government](#), the approach to local VFM audit work at specified bodies, including the Authority, is based on criteria specified by the Commission. For 2012/13, auditors of these bodies will continue to meet their VFM duty by:

- reviewing the Annual Governance Statement;
- reviewing the results of the work of the Commission and other relevant regulatory bodies or inspectorates, to consider whether there is any impact on the auditor's responsibilities at the audited body; and
- undertaking other local risk-based work as appropriate, or any work mandated by the Commission.

We did not identified any local risk-based work, nor was there any additional work mandated by the Commission.

The VFM conclusion

Having performed our work in line with guidance received from the Audit Commission we issued an unqualified value for money conclusion for the 2012/13 financial year. This means that we are satisfied that in the areas reviewed the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources during the year.

Financial resilience

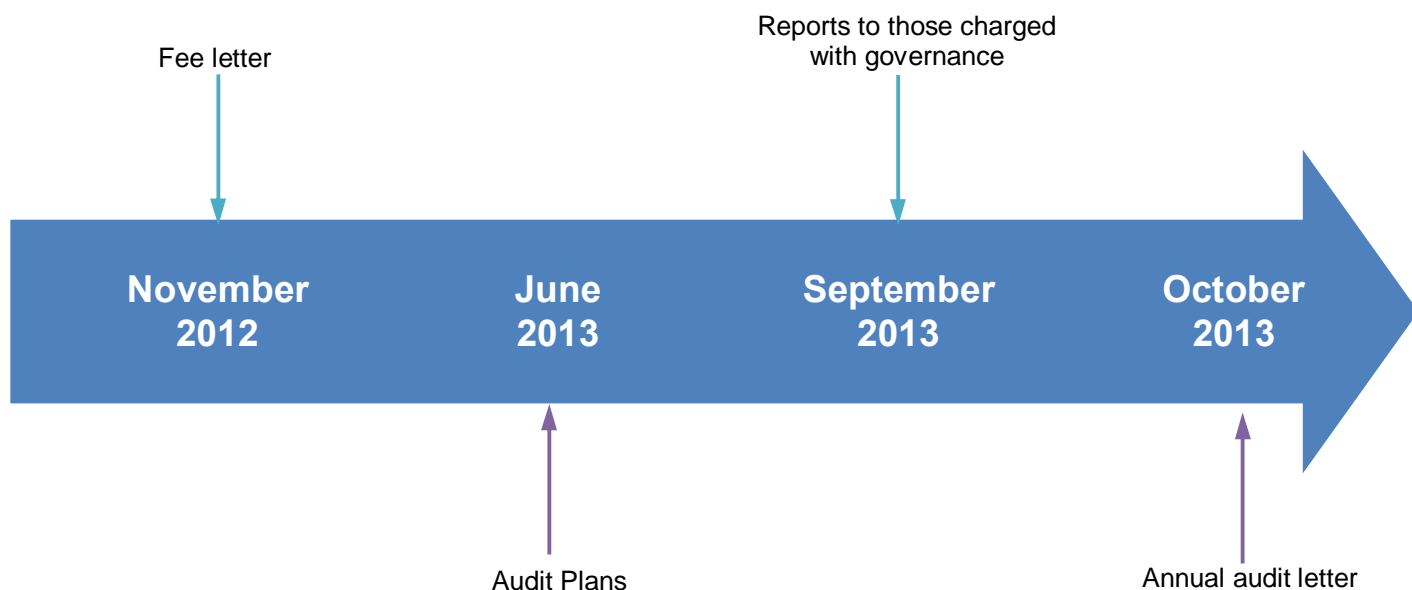
We have considered the financial standing of the Authority through review of the outturn in 2012/13, budgets for 2013/14 and the Local Transport Plan. The Authority is clearly facing significant financial challenges but we have no specific concerns over the response to those challenges or the financial standing of the Authority.

5. Other matters

Reports issued

Reports issued during the course of the 2012/13 audit included:

- Fee letter;
- Audit plans;
- Reports to those charged with governance on the 2012/13 audit; and
- Annual Audit letter.



Analysis of audit fees

Audit fees charged are as follows:

	2013 £	2012 £
Total fees for the audit of the annual accounts and whole of government accounts return (excluding VAT)	19,599	32,599

We have not performed any non-audit services in either the current or prior year.

Independence and objectivity

In our professional judgement, our policies and safeguards that are in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the Audit Commission.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party since this report has not been prepared, and is not intended, for any other purpose.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.

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