



# Annual Audit Letter 2015/16

**Derbyshire Dales District Council**

October 2016



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External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

## Section one

# Headlines

This Annual Audit Letter summarises the outcome from our audit work at Derbyshire Dales District Council in relation to their 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

<b>VFM conclusion</b>	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 28 September 2016. This means we are satisfied that during the year, the Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.
<b>VFM risk areas</b>	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate this risk. Our work identified the following significant matter:</p> <ul style="list-style-type: none"> <li>— Medium Term Financial Plans – the Council has established a balanced budget for the next two years but has recognised that further savings will be required during the life of the current MTFP. The Council has started to address savings needs through service reviews but will need to achieve savings of £750,000 over the life of the MTFP.</li> </ul>
<b>Audit opinion</b>	We issued an unqualified opinion on the Authority's financial statements on 28 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.
<b>Financial statements audit</b>	<p>The Statement of Accounts 2015/16 was prepared in a timely manner with high quality supporting work papers.</p> <p>There were no uncorrected audit adjustments at the end of the audit process.</p>
<b>High priority recommendation</b>	<p>We raised one high priority recommendation as a result of our 2015/16 audit work. This is detailed in Appendix 1 together with the action plan agreed by management. The recommendation was in relation to the future generation of working papers in line with our prepared by client list.</p> <p>We will formally follow up this recommendation as part of our 2016/17 work.</p>
<b>Annual Governance Statement</b>	We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.
<b>Whole of Government Accounts</b>	The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.
<b>Certificate</b>	We issued our certificate on 28 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
<b>Audit fee</b>	Our fee for 2015/16 was £38,295, excluding VAT in line with the previous year. Further detail is contained in Appendix 3.

# Appendix 1: Key issues and recommendations

We have raised one high risk recommendation and agreed what action management will need to take.

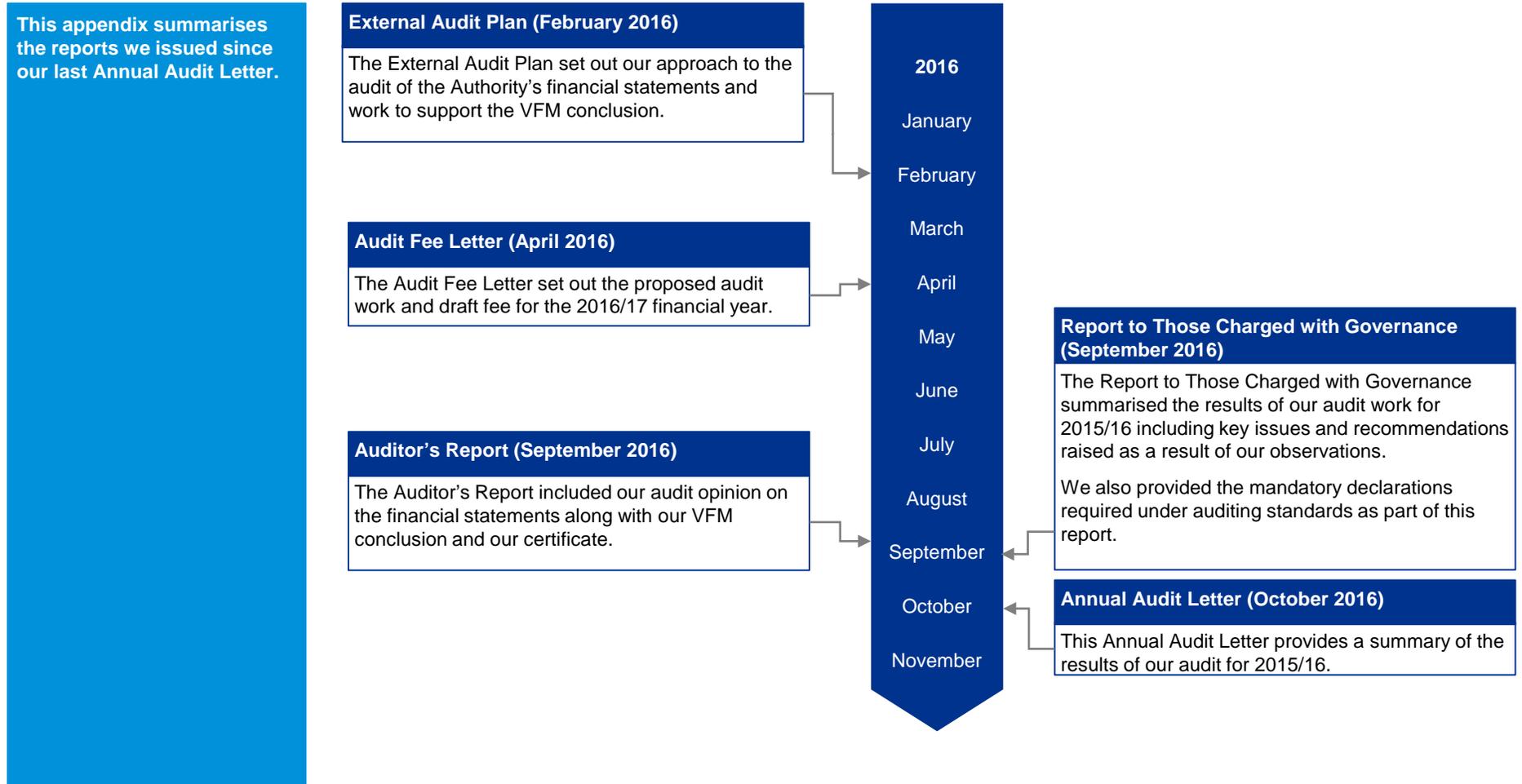
We will formally follow up this recommendation next year.

No.	Issue and recommendation	Management response / responsible officer / due date
1	<p><b>Working Papers and use of Prepared by Client List</b></p> <p>Prior to our interim visit, KPMG issue a PBC to update the Finance team with what will be required at interim. Not all the documents were available for interim visit and again at final where many working papers, mainly regarding PPE, were not provided until the end of the site visit.</p> <p><b>Recommendation</b></p> <p>We recommend going forward that the Finance team follow the PBC more closely and provide all documents requested to ensure a more efficient year end audit.</p>	<p>Recommendation agreed. The Finance team will follow the Prepared by Client List more closely when preparing the accounts for 2016/17 and will provide all documents and working papers by the agreed dates.</p> <p><b>Responsible Officer</b></p> <p>Accountancy &amp; Exchequer Manager</p> <p><b>Due Date</b></p> <p>2016/17 final accounts production</p>

**Follow up of previous recommendations**

As part of our audit work we followed up on the Authority’s progress against previous audit recommendations. We are pleased to report that the Authority has taken appropriate action to address the previous recommendations.

# Appendix 2: Summary of reports issued



# Appendix 3: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

### **External audit**

Our final fee for the 2015/16 audit of the Authority was £38,295, which is in line with the planned fee.

### **Certification of grants and returns**

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still on-going. The final fee will be confirmed through our reporting on the outcome of that work in January 2017.

### **Other services**

We charged £3,500 for additional non-audit-related services for Tax implications for Leisure Services which is outside of Public Sector Audit Appointments certification regime.



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