



# Annual Audit Letter 2015/16

**North East Derbyshire District Council**

October 2016



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

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.

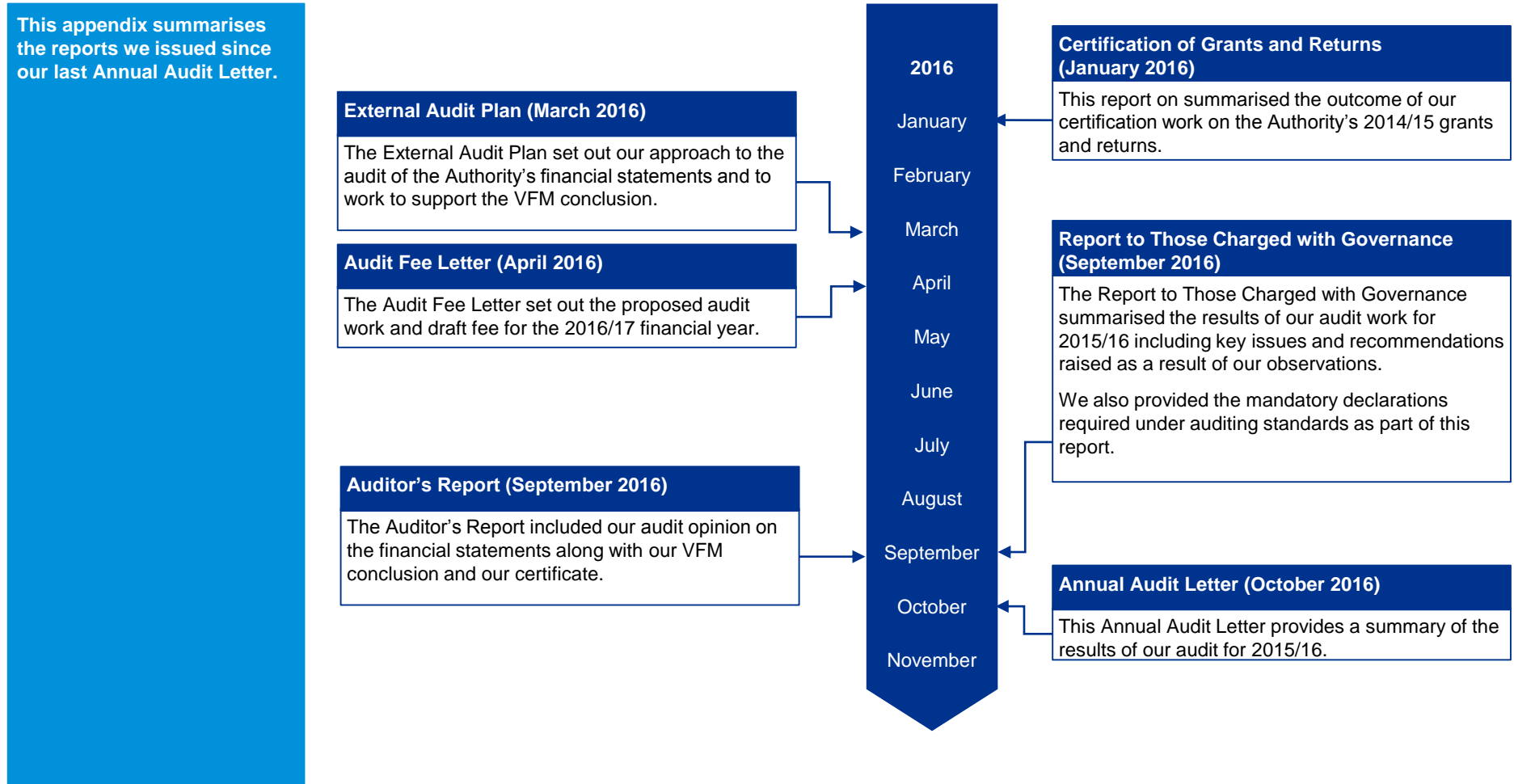
We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your 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.

**This Annual Audit Letter summarises the outcome from our audit work at North East Derbyshire 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>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 27 September 2016. This means we are satisfied that during the year that Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.</p> <p>In reaching our VFM conclusion we have considered the Authority's arrangements for securing financial resilience. We considered the robustness of the Medium Term Financial Plan and whether the assumptions around future funding and income streams are appropriate. We also considered whether the proposed budgets appropriately reflect the financial risks being faced by the Authority including the phasing out of Revenue Support Grant, potential changes to the New Homes Bonus scheme which are expected to be clarified during 2016/17 and reforms to National Non Domestic Rates.</p> <p>Our work concluded that the planning assumptions made by the Authority were reasonable, and officers recognise that there are significant uncertainties about the future of local government financing, for example the details of reform to Business Rates and New Homes Bonus.</p> <p>We reviewed the outcome of the 2016/17 budget setting process. The Medium Term Financial Plan sets out a savings target of £0.395m for 2016/17 in order to secure a balanced budget. Given the scale of the challenge that faces the Authority in future years, it is important that these savings are secured by underlying reductions in expenditure or increases in income in order to secure the projected financial savings of £1.945m which are anticipated to be required in 2018/19.</p>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on the Authority's financial statements on 27 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. The financial statements also include those of the Authority's Group, which consists of the Authority itself and Rykneld Homes Limited.</p>
<b>Financial statements audit</b>	<p>We did not identify any issues in the course of our audit that are considered to be material.</p> <p>The Authority has good processes in place for the production of the accounts and good quality working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.</p>
<b>Annual Governance Statement</b>	<p>We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.</p>
<b>Whole of Government Accounts</b>	<p>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.</p>
<b>Certificate</b>	<p>We issued our certificate on 27 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit &amp; Accountability Act 2014 and the Code of Audit Practice.</p>
<b>Audit fee</b>	<p>Our fee for 2015/16 was £57,366, excluding VAT. This compares to a planned fee of £56,507. The reason for this variance is an increased fee for the audit of the financial statements reflecting additional work undertaken to review exit package disclosures of £859. Further detail is contained in Appendix 2.</p>

# Appendix 1: Summary of reports issued



# Appendix 2: 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 North East Derbyshire District Council was £57,366. This compares to a planned fee of £56,507. The reason for this variance is:

- an increased fee for the audit of the financial statements reflecting additional work undertaken to review exit package disclosures of £859.

Our fees are still subject to final determination by Public Sector Audit Appointments.

### 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 ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2017.

### Other services

We charged £5,100 for additional audit-related services for the certification of the Pooling of Housing Receipts Return and the Decent Homes Backlog Funding Agreement, which are outside of Public Sector Audit Appointment's certification regime.



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