



GA. 29 16/17

**Governance and Audit
Committee**

8th November 2016

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Subject: Annual Audit Letter 2015/16

Report by:

Ian Knowles
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Contact Officer:

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Purpose / Summary:

The purpose of the report is to present the Annual Audit Letter to the Governance and Audit Committee.

RECOMMENDATION(S):

That Members accept the information contained within this report.

IMPLICATIONS

Legal:
None arising from this report.

Financial : FIN/82/17
As detailed within the Annual Audit Letter.
The corporate Audit Fees are met from an approved budget, with any additional work charged to the relevant project budgets.

Staffing :
None arising from this report.

Equality and Diversity including Human Rights :
None arising from this report

Risk Assessment :
None arising from this report.

Climate Related Risks and Opportunities :
None arising from this report.

Title and Location of any Background Papers used in the preparation of this report:

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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Executive Summary

The Annual Audit Letter is attached at Appendix A, the headlines of which include:

- An unqualified audit opinion on the 2015/16 Statement of Accounts
- An unqualified value for money (VFM) 2015/16 conclusion
- The authority has good processes in place for the production of the accounts
- Certified Completion of the Audit
- Annual Governance Statement consistent with understanding of the Authority.

The report will be presented by Adrian Benselin, KPMG LLP (UK).



Annual Audit Letter 2015/16

West Lindsey District Council

18 October 2016



Contents

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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).

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.

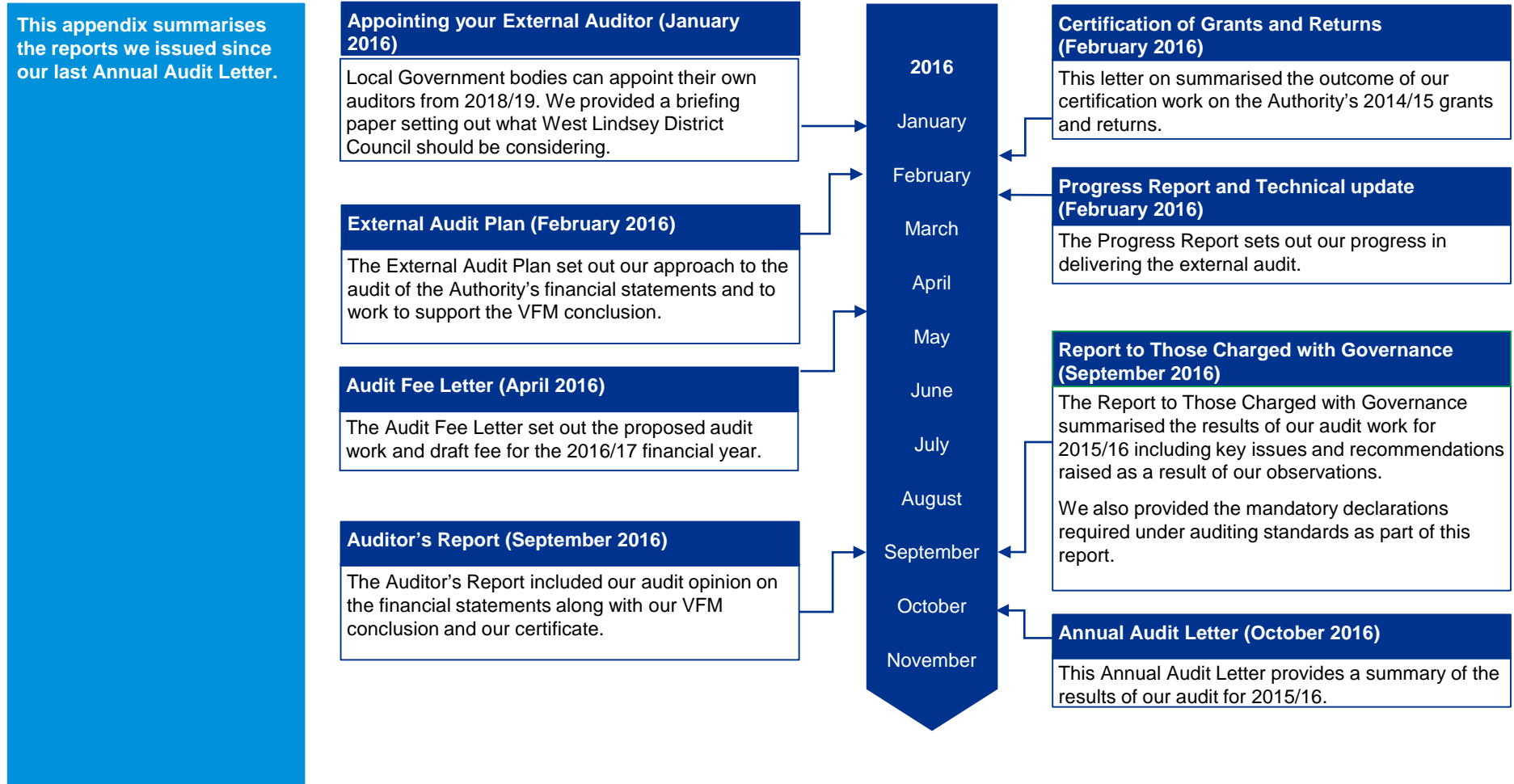
We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your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

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 29 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.</p> <p>In reaching our VFM conclusion we reviewed the Medium Term Financial Plan (MTFP) reported to and approved by members in February 2016. The MTFP takes into account the risks and uncertainties from the national and local context.</p> <p>The MTFP includes savings targets to be achieved by 2020/21 of £1.2 million which is covered by the projected level of reserves (General Fund and earmarked reserves are projected to be £8.1 million at March 2021).</p> <p>The updated revenue budget monitoring, as reported to members in July 2016, shows a net underspend of £177k for the first two months of 2016/17. There are no other indications that the MTFP is not sustainable.</p> <p>No account can yet be taken of the impact, if any, that the Greater Lincolnshire Combined Authority will have on the Authority's spending plans. The new authority will have powers covering transport, planning and skills.</p> <p>We also considered the assumptions used in producing the MTFP, and we concluded that the assumptions are not unreasonable.</p>
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 29 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.</p>
Financial statements audit	<p>The Statement of Accounts 2015/16 were prepared in a timely manner with high quality supporting work papers. There were no uncorrected audit adjustments.</p> <p>Our audit identified one material adjustment of £1.135 million to the Cash Flow Statement as a result of misclassification of receipts. The overall balance of the Cash Flow Statement was unaffected.</p> <p>Officers also amended the comparative disclosure in the Cash Flow Statement, mainly to reclassify business rates income amounting to £1.1 million. The overall balance of the Cash Flow Statement was unaffected.</p>
Annual Governance Statement	<p>We reviewed your Annual Governance Statement and concluded that it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.</p>
Whole of Government Accounts	<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>
Certificate	<p>We issued our certificate on 29 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.</p>
Audit fee	<p>Our fee for 2015/16 was £43,403, excluding VAT, which is in line with our planned fee. 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 the Authority was £43,403, excluding VAT. This 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 ongoing. The final fee will be confirmed through our reporting on the outcome of that work.

Other services

During 2015/16 we provided tax services in relation to the establishment of a Local Authority Trading entity ("LATC") and potential entity acquisition. The fee for this work was £14,000, excluding VAT.



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