

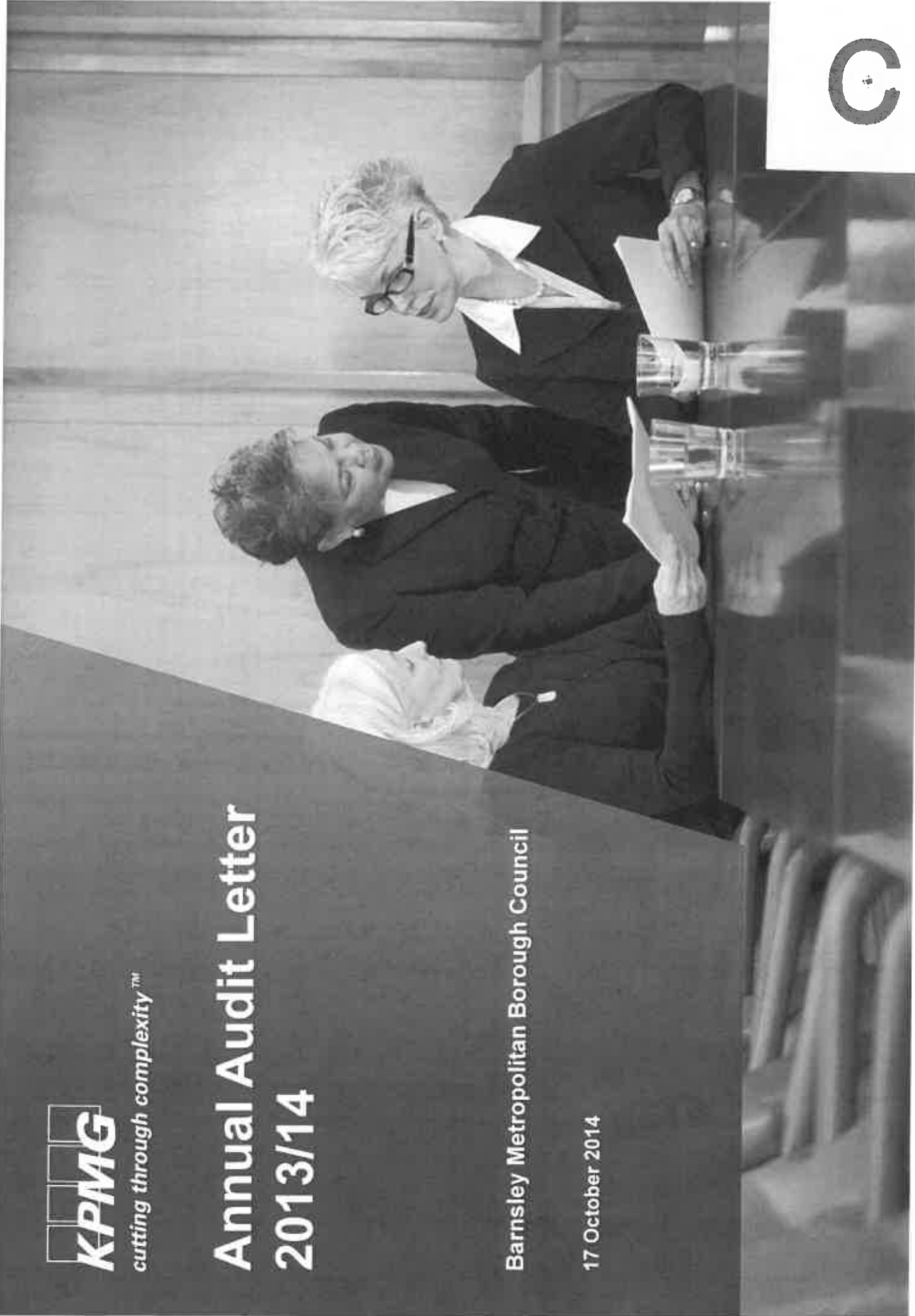


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Annual Audit Letter 2013/14

Barnsley Metropolitan Borough Council

17 October 2014



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in connection with this
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This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.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.

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 appointed engagement lead to the Council, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 4448 330.

This report summarises the key findings from our 2013/14 audit of Barnsley Metropolitan Borough Council (the Council).

Although this letter is addressed to the Members of the Council, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Council's 2013/14 financial statements and the 2013/14 VFM conclusion.

VFM conclusion	<p>We issued an unqualified conclusion on the Council's arrangements to secure value for money (VFM conclusion) for 2013/14 on 25 September 2014. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>We identified two significant risks to our VFM conclusion and considered the arrangements you have put in place to mitigate these.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> ■ Digital Regions Limited – are appropriate arrangements in place to ensure the closure of Digital Region Limited is managed to reduce the financial impact on the Council; and ■ Saving plans for reduction in funding – recognising the significant savings that are required over the next few years, are appropriate arrangements in place to maintain sound financial standing. <p>We are satisfied that the Council has appropriate procedures in place to address the VFM risks in these areas.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 25 September 2014. This means that we believe the financial statements give a true and fair view of the financial position of the Council and of its expenditure and income for the year.</p>
Financial statements audit	<p>We identified the triennial pension revaluation as a specific risk area for 2013/14. Our audit testing, to address this audit risk, did not identify any issues.</p> <p>Our audit identified no audit adjustments which impacted on the primary financial statements. We identified a small number of minor presentational adjustments which were adjusted by management.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Council's pack was consistent with the audited financial statements.</p>
High priority recommendations	<p>We did not raise any recommendations as a result of our 2013/14 audit work.</p>

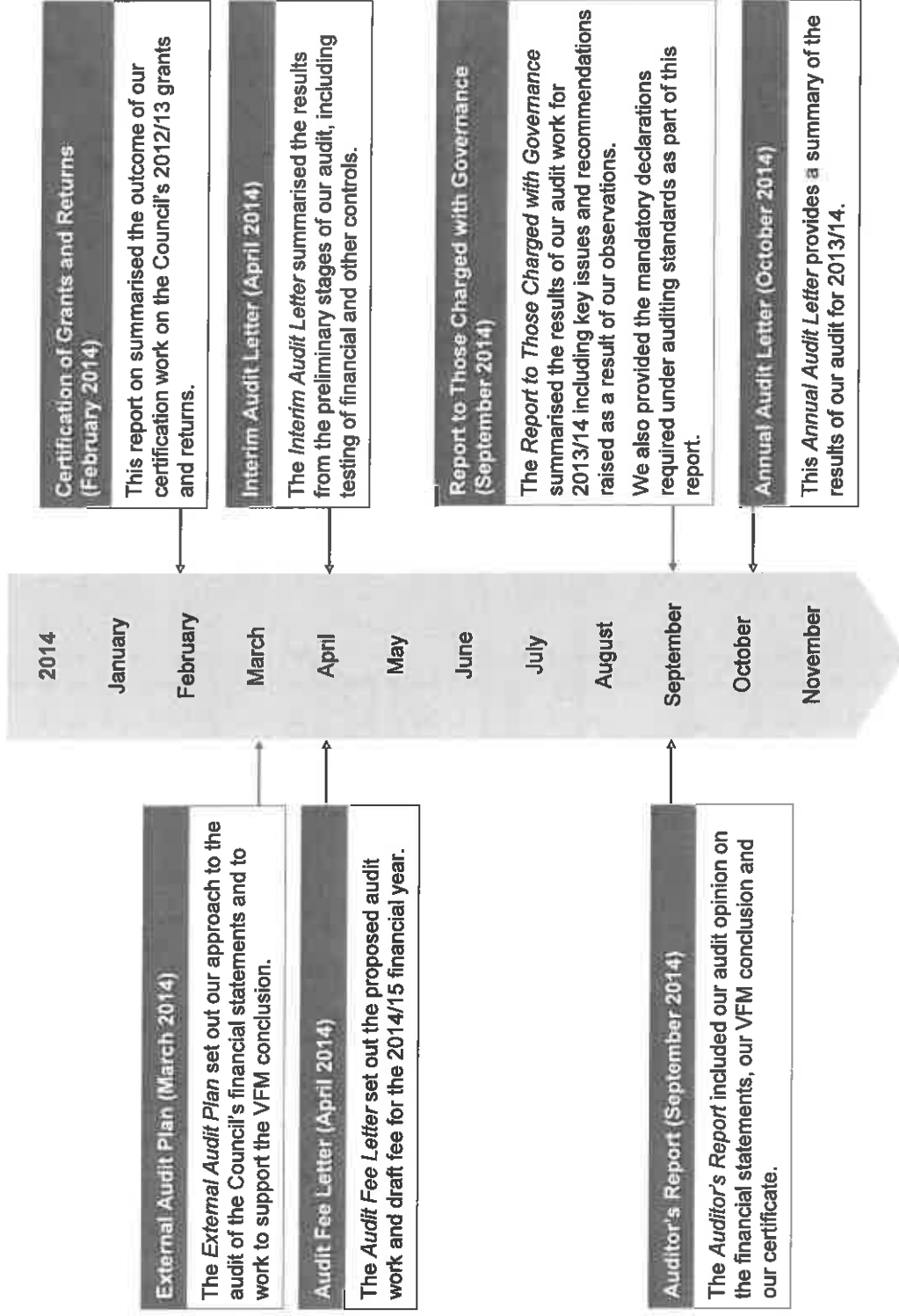
Section one Headlines (continued)

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Certificate	<p>We issued our certificate on 25 September 2014.</p> <p>The certificate confirms that we have concluded the audit for 2013/14 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
Section 11 recommendations from previous years	<p>We followed up the implementation of the Section 11 recommendations made to the Council in August 2011 relating to the lawfulness of fees set by the Council to recover the costs of hackney carriage and private hire vehicle licencing and vehicle testing under the Local Government (Miscellaneous Provisions) Act 1976.</p> <p>We conclude that the Council has implemented the Section 11 recommendations.</p>
Audit fee	<p>Our audit fee for 2013/14 was £183,902 excluding VAT. This is £4,041 (2.3 per cent) more than the planned scale fee of £179,861 and is due to the need to carry out additional work relevant to our audit.</p> <p>We carried out non-audit work resulting in additional audit fee of £35,250 (excluding VAT).</p> <p>Further information in respect of the non-audit work is provided below and further detail on the fees as a whole is contained in Appendix 2.</p>
Additional non-audit work	<p>We carried out the following pieces of additional work in 2013/14:</p> <ul style="list-style-type: none"> ■ Digital Regions Limited (£7,500 excluding VAT) – this work was carried out at all of the four South Yorkshire Councils and provided observations on the key elements of the project, identified the successes achieved through the project and the lessons the participants can learn for the future from this project; ■ Review of the Provision of Internal Audit (£17,250 excluding VAT) – this work considered the efficiency, effectiveness, quality and impact of the Internal Audit (IA) function; IA compliance with the Public Sector IA Standards; and whether it is appropriate for the Council's corporate risk management arrangements to sit within the IA function; and ■ Review of Trading Company (£10,500 excluding VAT) – The Council is considering transferring some of its back office and social services functions into new trading models. The intention is that these models facilitate working in partnership with the private sector, and allow the Council to generate additional income by offering certain non-statutory services to third parties on a profit-making basis. Outside of our audit responsibilities we have supported the Council's project planning for these new models by providing an indication of the structures and tasks that could be considered, and our view on some key tax implications. <p>Reports in respect of the above have been discussed and agreed with officers.</p>

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



Appendices

Appendix 2: Audit fees

This appendix provides information on our final fees for 2013/14.

To ensure openness between KPMG and your Audit Committee about the extent of our fee relationship with you, we have summarised the outturn against the 2013/14 planned audit fee.

Our final fee for the 2013/14 audit was £183,902 against a planned fee of £179,861. The reasons for this variance are:

- we responded to two elector challenges in 2013/14, including:
 - an alleged fraud in respect of care homes. The fee for this additional work was £951 (exc VAT);
 - a request for a review of the sale of the Central Library and the controls over the associated library stock. The fee for this work was £1,620 (exc VAT); and
- in 2013/14, as a result of there being no certification of the National Non-Domestic Rates (NNDR) return, we have been required to carry out additional procedures on our audit of the statement of accounts (previously we would have relied on the work we did on the NNDR return). The fee for this additional work, which has still to be formally confirmed by the Audit Commission, amounts to £1,470 (exc VAT);

Certification of grants and returns

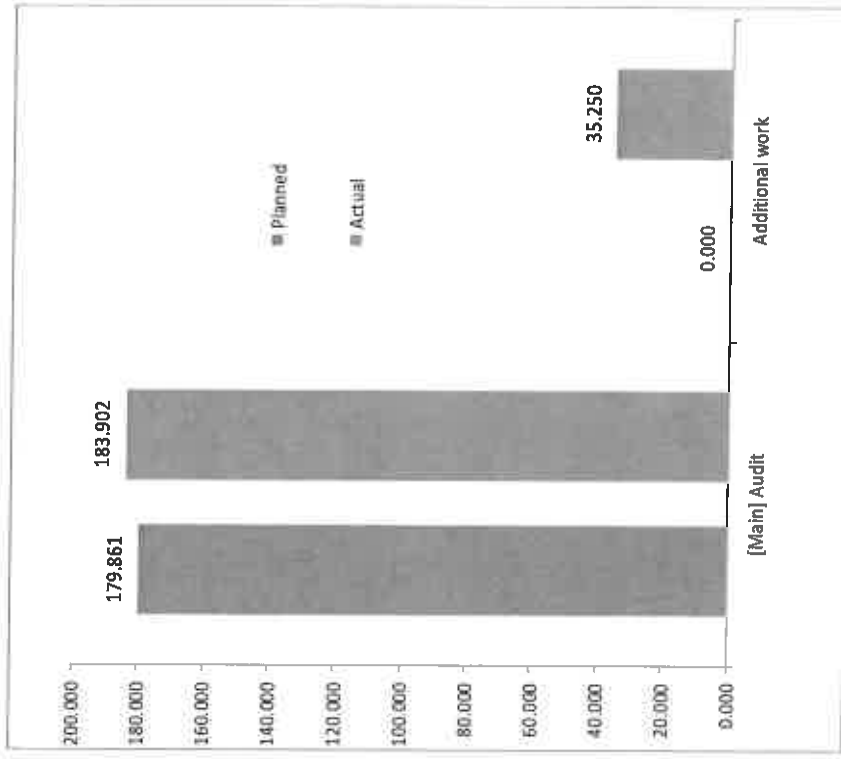
Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2013/14* which we are due to issue in January 2015.

Other services

We also charged £35,250 (excluding VAT) for additional work that was not related to our responsibilities under Audit Commission's *Code of Audit Practice* as follows:

- Review of Digital Regions Limited £7,500;
- Review of the Provision of Internal Audit £17,250; and
- Review of Trading Company £10,500.

External audit fees 2013/14 (£'000)





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