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Report to those charged with governance (ISA 260) 2012/13

Barnsley Metropolitan Borough Council

20 September 2013



The contacts at KPMG in connection with this report are:

Damian Murray

Director

KPMG LLP (UK)

Tel: 0113 231 3510

damian.murray@kpmg.co.uk

Rachel Lindley

Manager

KPMG LLP (UK)

Tel: 0113 231 3551

rachel.lindley@kpmg.co.uk

Nicola Hallas

Assistant Manager

KPMG LLP (UK)

Tel: 0113 231 3563

nicola.hallas@kpmg.co.uk

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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. 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 Trevor Rees, the appointed engagement lead to the Authority, who will try to resolve your complaint. Trevor is also 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, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by email to complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421.

This report summarises:

- the key issues identified during our audit of Barnsley Metropolitan Borough Council's ('the Authority's') financial statements for the year ended 31 March 2013; and
- our assessment of the Authority's arrangements to secure value for money (VFM) in its use of resources.

We do not repeat matters we have previously communicated to you.

Financial statements

Our audit of the financial statements can be split into four phases:



This report focuses on the final two stages: substantive procedures and completion. It also includes any findings in respect of our control evaluation that we identified during our interim audit.

Our final accounts visit on site took place between 22 July and 16 August 2013. During this period, we carried out the following work:

Substantive Procedures

- Planning and performing substantive audit procedures.
- Concluding on critical accounting matters.
- Identifying audit adjustments.
- Reviewing the Annual Governance Statement.

We are now in the final phase of the audit. Some aspects are also discharged through this report:

Completion

- Declaring our independence and objectivity.
- Obtaining management representations.
- Reporting matters of governance interest.
- Forming our audit opinion.

VFM conclusion

We have also now completed our work in respect of the 2012/13 VFM conclusion. This included:

- Identifying any significant risks following the completion of our risk assessment review. In carrying out this exercise we consider the Authorities financial resilience and arrangements for securing VFM; and
- Detailed review of the Medium Term Financial Plan and 'Plan for Change' for the period 2012/13 – 2014/15 and discussions with officers to determine whether the Authority has appropriate policies and procedures in place for achieving the required savings and efficiencies.

Structure of this report

This report is structured as follows:

- Section 2 summarises the headline messages.
- Section 3 sets out the key findings from our audit work in relation to the 2012/13 financial statements.
- Section 4 outlines the key findings from our work on the VFM conclusion.

Our recommendation is included in Appendix 1.

A list of the audit adjustments identified is included at Appendix 2.

Acknowledgements

We would like to take this opportunity to thank Officers and Members for their continuing help and co-operation throughout our audit work.

This table summarises the headline messages. The remainder of this report provides further details on each area.

Proposed audit opinion	<p>We anticipate completing our audit by 30 September 2013 and issuing an unqualified opinion shortly after on the financial statements. We will also report that the wording of your Annual Governance Statement accords with our understanding of the Authority and its governance arrangements.</p>
Audit adjustments	<p>We have identified one audit adjustment which has been corrected by management. This adjustment relates to the classification of balance sheet information in the detailed notes and therefore have no impact on the net worth of the Authority:</p> <ul style="list-style-type: none"> ■ £65m of long term loans were mis-classified as short term loans within the maturity analysis in Note 50, Nature and Extent of Risks arising from Financial Instruments. <p>We have identified one adjustment to the 2011/12 comparative figure in a disclosure note:</p> <ul style="list-style-type: none"> ■ The Council disposed of Penistone Grammar School building in 2011/12 when the school transferred to a Trust. The value of the building was not reflected in Note 53, Trust Funds and Other Third Party Funds. <p>We also identified a presentational issue in respect of exit packages, Note 36 .</p> <p>We have included a full list of significant audit adjustments at Appendix 2.</p> <p>We have raised two recommendations as a result of our year end audit work. These are detailed in Appendix 1.</p>
Critical accounting matters	<p>We have worked with officers throughout the year to review the specific risk raised in our External Audit Plan 2012/13 in relation to the accounting treatment for Digital Region Ltd. The Authority made appropriate provision for potential future accounts and disclosed developments regarding the winding up of the company in Note 6, Events after the balance sheet date.</p> <p>Further details on the findings in respect of each of these critical accounting matters can be seen in section 3.</p>
Accounts production and audit process	<p>As in previous years management has provided high quality accounts and supporting working papers. Officers dealt efficiently with our audit queries and the audit has been completed within the planned timescales.</p>
Control weaknesses and recommendation	<p>The Authority's organisation and IT control environment is effective, and controls over the key financial systems are sound.</p> <p>Work completed on access controls identified some areas for improvement around access rights. Staff leaving the organisation did not always have access rights removed immediately. Testing identified that this had not resulted in any unauthorised access to the system. Recommendations have been raised in Appendix 1.</p>

This table summarises the headline messages. The remainder of this report provides further details on each area.

<p>Completion</p>	<p>At the date of this report our audit of the financial statements is substantially complete subject to:</p> <ul style="list-style-type: none"> ■ Final review of all financial statements; and ■ Completion and review of the audit work performed over the whole of government accounts pack. <p>Before we can issue our opinion we require a signed management representation letter, Appendix 4.</p> <p>We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.</p> <p>On 16 September 2013 I received an objection to an item of account in the 2012/13 financial statements from a Barnsley elector. Until I have determined my approach and response to this objection I will be unable to close the audit and issue my certificate of completion.</p>
<p>VFM conclusion</p>	<p>We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>Based on our risk assessment and work performed over VFM we are satisfied that the Authority has appropriate savings plans in place to deliver VFM and ensure the financial resilience of the Authority. We are also satisfied that the management have appropriate processes and governance arrangements to deliver this plan, this has been evidenced in part by the delivery of the savings identified for 2012/13.</p> <p>We have specifically considered the impact of the Authority's decision to wind up Digital Region Ltd, and concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in respect of its involvement in Digital Region Ltd during 2012-13.</p> <p>We therefore anticipate issuing an unqualified VFM conclusion by 30 September 2013.</p>

Our audit has identified three audit adjustments. These have no impact on the net worth of the Authority.

The wording of your Annual Governance Statement accords with our understanding of the Authority and satisfied the requirements of the relevant guidance.

Proposed audit opinion

We anticipate issuing an unqualified audit opinion by 30 September 2013.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any significant misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

Our audit identified three significant audit differences, which we have set out in Appendix 2. These have been adjusted in the revised version of the financial statements. There are no uncorrected audit differences.

We identified one audit adjustment in relation to short term borrowing. We identified an inconsistency in the classification of short term loans between the balance sheet and Note 50 Financial Instruments. The correct amount was shown in the balance sheet, £73m, but within Note 50 the amount was £138m. The difference is due to the classification of the commercial Lender Option Borrower Option (LOBOs)

The second audit adjustment relates to the treatment of Penistone Grammar School in 2011/12. The school building was disposed of by the Council in the 2011/12 accounts, when the school transferred to Trust status however, this was not reflected in Note 53, Trust Funds and Other Third Party Funds. The Council has amended the prior year comparative figure.

The third adjustment refers to the number of exit packages paid in 2012/13 included 24 employees who received a redundancy payment and an additional pension payment. These employees were disclosed twice in the exit packages note, inflating the number of departures in year. The note has been amended to include these employees only once.

Presentational differences

In addition, we identified a small number of presentational adjustments required to ensure that the accounts are compliant with the *Code of Practice on Local Authority Accounting the United Kingdom 2011/12 ('the Code')*. This includes amendments to the number of exit packages paid by the Council in Note 36.

Annual Governance Statement

We have reviewed the Annual Governance Statement and confirmed that:

- it complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE in June 2007; and
- it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

We have worked with Officers throughout the year to discuss key audit matters. The Authority addressed the issues appropriately.

In our External Audit Plan 2012/13, presented to you in February, we identified one key matter affecting the Authority's 2012/13 financial statements and VFM conclusion.

We have now completed our testing of this areas and set our final evaluation following our substantive work. The table below sets out detailed findings for each risk.

Key audit risk	Issue	Findings
	<p>Risk</p> <p>Digital Region Limited (DRL) is a joint venture between the four South Yorkshire local authorities to provide broadband services across South Yorkshire. These local authorities have taken the decision to re-tender the associated contract.</p> <p>Re-tendering has already involved providing for significant costs, and the process will not be concluded until later in 2013. DRL also has significant liabilities, which the Authority and its partners would need to fund if re-tendering is unsuccessful.</p> <p>Our audit work</p> <p>We will review the Authority's management of, and accounting for, the potential issues concerning Digital Region Limited.</p>	<p>The re-procurement process continued throughout the 2012-13 financial year. Negotiations took longer than estimated due mainly to issues around State Aid and ERDF claw back that required a resolution from the European Commission (EC). In the light of the ongoing cost of supporting Digital Region Ltd throughout this period, the Authority, in conjunction with the other shareholders, took the decision to wind up the company in August 2013.</p> <p>This decision will limit the Authority's exposure to future losses connected with Digital Region Ltd. It is also likely to lead to the overall cost being equal to or less than the provision of £6.4m included in the 2012-13 financial statements.</p> <p>The Authority has actively reviewed the situation as it has developed throughout the 2012-13 financial year, and this ongoing monitoring has enabled it to take the difficult decision to wind up the company. As a result of this active involvement, we have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in respect of its investment in Digital Region Ltd during 2012-13.</p> <p>The Authority should commission an independent review of the Digital Region Project to identify the lessons that should be learned from the initial decision to invest up to the final decision to close the company. This review should, ideally, be carried out as soon as possible and jointly with the other stakeholders.</p> <p>The Authority needs to ensure it has appropriate arrangements to ensure the closure of DRL is managed so as to minimise the financial impact on the Authority.</p>

Management has continued to prepare high quality accounts and supporting working papers.

Officers dealt efficiently with audit queries and the audit process could be completed within the planned timescales.

Accounts production and audit process

ISA 260 requires us to communicate to you our views about the significant qualitative aspects of the Authority's accounting practices and financial reporting. We also assessed the Authority's process for preparing the accounts and its support for an efficient audit.

We considered the following criteria:

Element	Commentary
Accounting practices and financial reporting	<p>The Authority has good financial reporting processes in place and this has helped to ensure a smooth audit process for the year ended 31 March 2013.</p> <p>We consider that accounting practices are appropriate and have been applied consistently.</p>
Completeness of draft accounts	<p>We received a complete set of draft accounts well in advance of the audit commencing on 22 July 2013.</p>
Quality of supporting working papers	<p>Our <i>Accounts Audit Protocol</i>, which we issued in February 2013 and discussed with the Assistant Director – Finance and Business Support Services set out our working paper requirements for the audit.</p> <p>The quality of working papers provided was good and met the standards specified in our <i>Accounts Audit Protocol</i>.</p>

Element	Commentary
Response to audit queries	Officers resolved the audit queries in a reasonable time.
Group audit	There are no specific matters to report pertaining to the group audit.

Prior year recommendations

In our *ISA 260 Report 2011/12* we did not identify any audit recommendations.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

Before we can issue our opinion we require a signed management representation letter.

Once we have finalised our opinions and conclusions we will prepare our *Annual Audit Letter* and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Barnsley Metropolitan Borough Council for the year ending 31 March 2013, we confirm that there were no relationships between KPMG LLP and Barnsley Metropolitan Borough Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 3 in accordance with ISA 260.

We are undertaking additional work with Barnsley MBC, reviewing the tax implications for alternative models of service provision. We have complied with required ethical standards.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Responsible Finance Officer, a draft of which is reproduced in Appendix 4. We require a signed copy of your management representations before we issue our audit opinion.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- significant difficulties encountered during the audit;
- significant matters arising from the audit that were discussed, or subject to correspondence with management;
- other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and
- matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events etc.).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report or our previous reports relating to the audit of the Authority's 2012/13 financial statements.

Our VFM conclusion considers how the Authority secures financial resilience and challenges how it secures economy, efficiency and effectiveness.

We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Background

Auditors are required to give their statutory VFM conclusion based on two criteria specified by the Audit Commission. These consider whether the Authority has proper arrangements in place for:

- securing financial resilience: looking at the Authority’s financial governance, financial planning and financial control processes; and
- challenging how it secures economy, efficiency and effectiveness: looking at how the Authority is prioritising resources and improving efficiency and productivity.

We follow a risk based approach to target audit effort on the areas of greatest audit risk. We consider the arrangements put in place by the Authority to mitigate these risks and plan our work accordingly.

The key elements of the VFM audit approach are summarised in the diagram below.

Conclusion

We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

VFM criterion	Met
Securing financial resilience	✓
Securing economy, efficiency and effectiveness	✓

We have completed our risk assessment and identified no key VFM risks in relation to financial resilience or securing economy, efficiency and effectiveness..



Appendix 1: Key issues and recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

The Authority should closely monitor progress in addressing specific risks and implementing our recommendations.

We will formally follow up these recommendations next year.

Priority rating for recommendations

- | | | |
|--|--|---|
| <p>1 Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p> | <p>2 Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p> | <p>3 Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p> |
|--|--|---|

No	Risk	Issue and recommendation	Management response / responsible officer / due date
1	1	<p>We acknowledge the Authority is planning to commission an independent review of the Digital Region Project to identify the lessons that should be learned from the initial decision to invest up to the final decision to close the company. This review should, ideally, be carried out as soon as possible and jointly with the other stakeholders.</p> <p>The Authority needs to ensure it has appropriate arrangements to ensure the closure of DRL is managed so as to minimise the financial impact on the Authority.</p>	<p>Management Response</p> <p>Plans are already in place to conduct an independent review of the DRL project across the 4 South Yorkshire authorities. A scoping document for the review has been completed and arrangements are currently being made to commission a suitable and independent organisation to carry out that work</p> <p>Responsible Officer</p> <p>Chief Executive</p> <p>Due Date</p> <p>31st March 2014</p>
2	2	<p>The Council should review its access controls to ensure staff leaving have access removed in a timely manner and that staff have appropriate access rights.</p> <p>There is a risk of inappropriate access to the financial systems. This has the potential to increase the risk of fraud for the Council.</p>	<p>Management Response</p> <p>The Council has already reviewed and revised its access controls to key financial systems following the audit finding. All leaver's access permissions to SAP / SRM are now automatically deleted from the date submitted on the recently introduced E-Forms. A review of access controls in relation to all other systems has already begun, although this is expected to largely follow the revised process already introduced in relation to financial systems.</p> <p>Responsible Officer</p> <p>Assistant Chief Executive – Finance, Property & Information Systems</p> <p>Due Date</p> <p>30th November 2013</p>

This appendix sets out the significant audit differences. We have identified two audit differences and a significant presentational amendment. These have been adjusted.

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in the Authority's case is the Full Council). We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

No uncorrected audit differences have been identified.

Corrected audit differences

We did not identify any audit misstatements which impact on the net worth of the authority, in relation to 2012/13.

The following table sets out details of the significant changes made to disclosures within the financial statements identified by our audit of Barnsley Metropolitan Borough Council's financial statements for the year ended 31 March 2013.

Disclosure	Detail of the correction
Note 50 – Nature and Extent of Risks arising from Financial Instruments	This is a presentational adjustment to the maturity analysis to reflect the reclassification of the commercial LOBOs to ensure consistency with the balance sheet position. £65m has been reclassified in Note 50 as long term loans.
Note 53 – Trust Funds and Other Third Party Funds	This is an adjustment to the 2011/12 comparative figure. Penistone Grammar School building was disposed of by the Council in the 2011/12 accounts, when the school transferred to Trust status however, this was not reflected in Note 53, Trust Funds and Other Third Party Funds. The Council has amended the prior year comparative figure.
Note 36 – Exit Packages	There were 24 employees made redundant during 2012/13 who received a redundancy payment and an additional pension payment. These employees were disclosed twice in the exit packages note, inflating the number of departures in year. The note has been amended to include these employees once.

The Code of Audit Practice requires us to exercise our professional judgement and act independently of both the Commission and the Authority.

Requirements

Auditors appointed by the Audit Commission must comply with the *Code of Audit Practice* (the Code) which states that:

“Auditors and their staff should exercise their professional judgement and act independently of both the Commission and the audited body. Auditors, or any firm with which an auditor is associated, should not carry out work for an audited body that does not relate directly to the discharge of auditors’ functions, if it would impair the auditors’ independence or might give rise to a reasonable perception that their independence could be impaired.”

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Audit Commission’s Standing guidance for local government auditors (Audit Commission Guidance) and the requirements of APB Ethical Standard 1 *Integrity, Objectivity and Independence* (Ethical Standards).

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Audit Commission Guidance requires appointed auditors to follow the provisions of ISA (UK & I) 260 Communication of *Audit Matters with Those Charged with Governance* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor’s objectivity and independence.
- The related safeguards that are in place.

- The total amount of fees that the auditor and the auditor’s network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed. We do this in our Annual Audit Letter.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor’s professional judgement, the auditor is independent and the auditor’s objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor’s objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the Audit Committee.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Audit Partner and the audit team.

General procedures to safeguard independence and objectivity

KPMG’s reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the Ethics and Independence Manual ('the Manual'). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual Ethics and Independence Confirmation. Failure to follow these policies can result in disciplinary action.

Auditor declaration

In relation to the audit of the financial statements of Barnsley Metropolitan Borough Council for the financial year ended 31 March 2013, we confirm that there were no relationships between KPMG LLP and Barnsley Metropolitan Borough Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

We ask you to provide us with representations on specific matters such as whether the transactions within the accounts are legal and unaffected by fraud.

The wording for these representations is prescribed by auditing standards.

We require a signed copy of your management representations before we issue our audit opinion.

Dear Sirs

This representation letter is provided in connection with your audit of the Authority and Group financial statements of Barnsley Metropolitan Borough Council (“the Authority”), for the year ended 31 March 2013, for the purpose of expressing an opinion as to whether these:

- i. give a true and fair view of the financial position of Barnsley Metropolitan Borough Council and its Group as at 31 March 2013 and of its income and expenditure for the year then ended;
- iii. have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

These financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement[, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the Collection Fund and the related notes.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself.

Financial statements

1. The Authority has fulfilled its responsibilities, as set out in regulation 8 of the Accounts and Audit (England) Regulations 2011, for the preparation of financial statements that:
 - give a true and fair view of the financial position of Barnsley Metropolitan Borough Council and its Group as at 31 March 2013 and of its income and expenditure for the year then ended;

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom require adjustment or disclosure have been adjusted or disclosed.

Information provided

4. The Authority has provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Authority for the purpose of the audit; and
 - unrestricted access to persons within the Authority and Group from whom you determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. The Authority has provided you with all information in relation to Digital Region Ltd that is relevant to the preparation of the financial statements, such as records, documentation and other matters it is aware of. All transactions in relation to Digital Region Ltd have been recorded in the financial statements.

We ask you to provide us with representations on specific matters such as whether the transactions within the accounts are legal and unaffected by fraud.

The wording for these representations is prescribed by auditing standards.

We require a signed copy of your management representations before we issue our audit opinion.

Information provided

6. The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.
7. The Authority has disclosed to you all information in relation to:
 - a) Fraud or suspected fraud that it is aware of and that affects the Authority and its Group and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
 - b) allegations of fraud, or suspected fraud, affecting the Authority and Group financial statements communicated by employees, former employees, analysts, regulators or others.
8. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. Further, the Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
9. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities are consistent with its knowledge of the business.
10. The Authority further confirms that:
 - a) all significant retirement benefits, including any arrangements that:
 - are statutory, contractual or implicit in the employer's actions;
 - arise in the UK and the Republic of Ireland or overseas;
 - are funded or unfunded; and
 - are approved or unapproved, have been identified and properly accounted for; and
 - b) all settlements and curtailments have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Audit Committee on *[date]* and those charged with Governance of the Authority, Full Council on {date}.

Yours faithfully,

[Leader] , [Chief Financial Officer]



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