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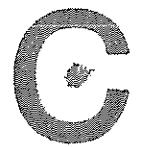
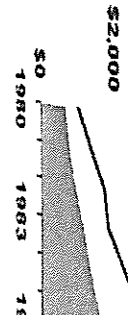
Annual Audit Letter 2012/13

Barnsley Metropolitan Borough Council

October 2013



Financial Interest Rate
1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013





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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 Damian Murray, the appointed engagement lead to the Authority, 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 03034448330.



Section one Headlines

This report summarises the key findings from our 2012/13 audit of Barnsley Metropolitan Borough Council (the Authority).

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

Our audit covers the audit of the Authority's 2012/13 financial statements and the 2012/13 VFM conclusion.

VFM conclusion	We issued an unqualified value for money (VFM) conclusion for 2012/13 on 27 October 2013. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.
VFM risk areas	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. In our Audit Plan we identified Digital Region Ltd, (DRL) as a significant risk to our VFM conclusion. We have considered the arrangements you have put in place to mitigate this risk, particularly the impact of the Authority's decision to wind up DRL, and concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in respect of its involvement in DRL during 2012-13.
Audit opinion	We issued an unqualified opinion on your financial statements on 27 October 2013. 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 its subsidiaries, including Bernalstol Homes and DRL.
Financial statements audit	The overall quality of accounts submitted to audit continued to be good. We identified three audit adjustments which were corrected by management. These adjustments relate to the classification of information in the detailed notes and therefore have no impact on the net worth of the Authority.
Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding of the Authority.



Section one Headlines (continued)

We provide a summary of our key recommendations in Appendix 1.

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 2.

Whole of Government Accounts	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements, on 4 October 2013.</p>
High priority recommendations	<p>We raised one high priority recommendation as a result of our 2012/13 audit work. This is detailed in Appendix 1 together with the action plan agreed by management.</p> <p>We have recommended that the South Yorkshire Authorities commission an independent review of the Digital Region Project, and that Barnsley MBC ensures it has appropriate arrangements to ensure the closure of DRL is managed so as to minimise the financial impact on the Authority.</p> <p>We will formally follow up this recommendation as part of our 2013/14 work.</p>
Completion and Certificate	<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>The certificate confirms that we have concluded the audit for 2012/13 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>
Audit fee	<p>Our fee for 2012/13 was £179,861, excluding VAT.</p> <p>Our fees are still subject to final determination by the Audit Commission due to our additional work on DRL and the objection.</p> <p>Further detail is contained in Appendix 3.</p>



Appendices

Appendix 1: Key issues and recommendations

This appendix summarises the high priority recommendations that we identified during our 2012/13 audit, along with your responses to them.

Lower priority recommendations are contained, as appropriate, in our other reports, which are listed in Appendix 2.

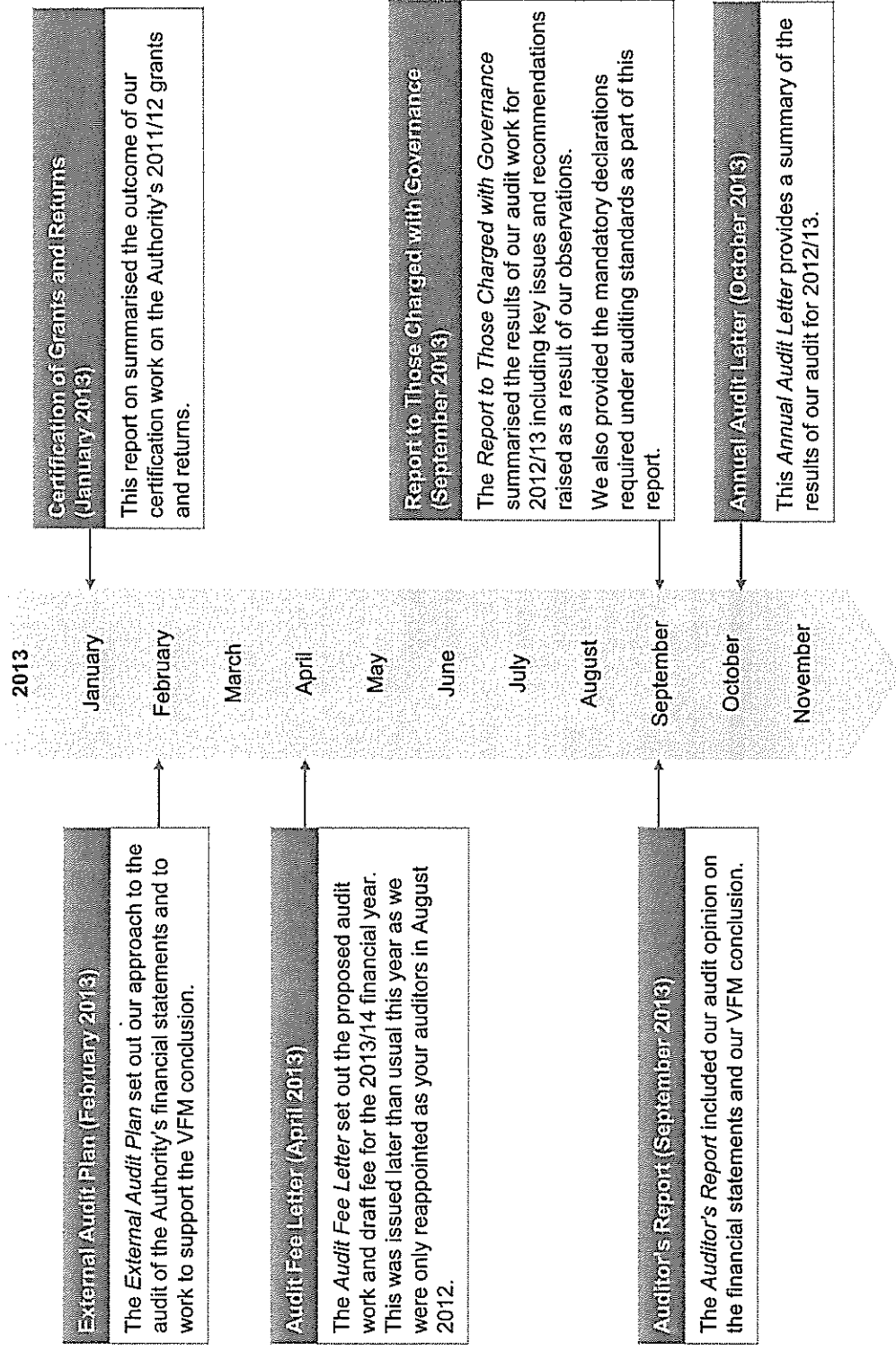
No.	Issue and recommendation	Management response/responsible officer/due date
1	<p>We acknowledge the Authority is planning to commission an independent review of the Digital Region Project to identify the lessons that should be learned from the initial decision to invest up to the final decision to 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 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 Chief Executive</p> <p>Due Date 31st March 2014</p>



Appendices

Appendix 2: Summary of reports issued

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





Appendices

Appendix 3: Audit fees

This appendix provides information on our final fees for 2012/13.

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 2012/13 planned audit fee.

External audit

Our final fee for the 2012/13 audit of the Authority was £179,861. This is an overall reduction of 40 percent on the comparative total fee for 2011/12 of £299,768. This reflects the significant reductions made nationally by the Audit Commission to its scale fees.

Our fees are still subject to final determination by the Audit Commission, because we have been required to undertake additional work:

- to mitigate the risk to our opinion and VfM conclusion from DRL, £4,878; and
- to address the issues raised in the objection.

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 2012/13* which we are due to issue in January 2014.

Other services

We also charged £10,000 for tax and Legal advice regarding alternative models of service provision. This work was not related to our responsibilities under Audit Commission's *Code of Audit Practice*. This relates to our 2013/14 audit year.



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