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Annual Audit Letter 2014/15

Barnsley Metropolitan Borough Council

October 2015



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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 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, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@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 report summarises the key findings from our 2014/15 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 2014/15 financial statements and the 2014/15 VFM conclusion.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 29 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> ■ The Authority currently estimates that by 2017 it will need to save a further £28 million, on top of the £59 million it has saved over the past four years. The Authority has already identified a number of areas where savings can be made, such as reducing printing, and making it easier for members of the public to complete things online. However, it is likely further savings are likely to have to be made in future years. <p>We have assessed the controls the Authority has in place to ensure sound financial standing. The Medium Term Financial Plan has taken into consideration the potential funding reductions and is sufficiently robust to ensure that the Authority can continue to provide services effectively. The introduction of Future Council shows the Authority is looking at innovative ways of securing VFM.</p> <p>We are satisfied that the Council has satisfactory arrangements in place to ensure its finances are managed and controlled to ensure sound financial standing and value for money.</p>
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 29 September 2015. 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 Authority has good processes in place for the production of the accounts and good quality supporting working papers.</p> <p>We identified one areas of audit focus when we developed the Audit Plan in February 2015. This related to Local Authority Maintained Schools. LAAP Bulletin 101 <i>Accounting for School Assets used by Local Authority Maintained Schools</i> issued in December 2014 required authorities to review the accounting arrangements for Voluntary-Aided (VA), Voluntary Controlled (VC) and Foundation Schools. They were required to apply tests of control to assets owned by third parties such as church bodies which are made available to school governing bodies under a variety of arrangements. This is a key area of judgement and there is a risk that Authorities could omit school assets from, or include school assets in, their balance sheet.</p>

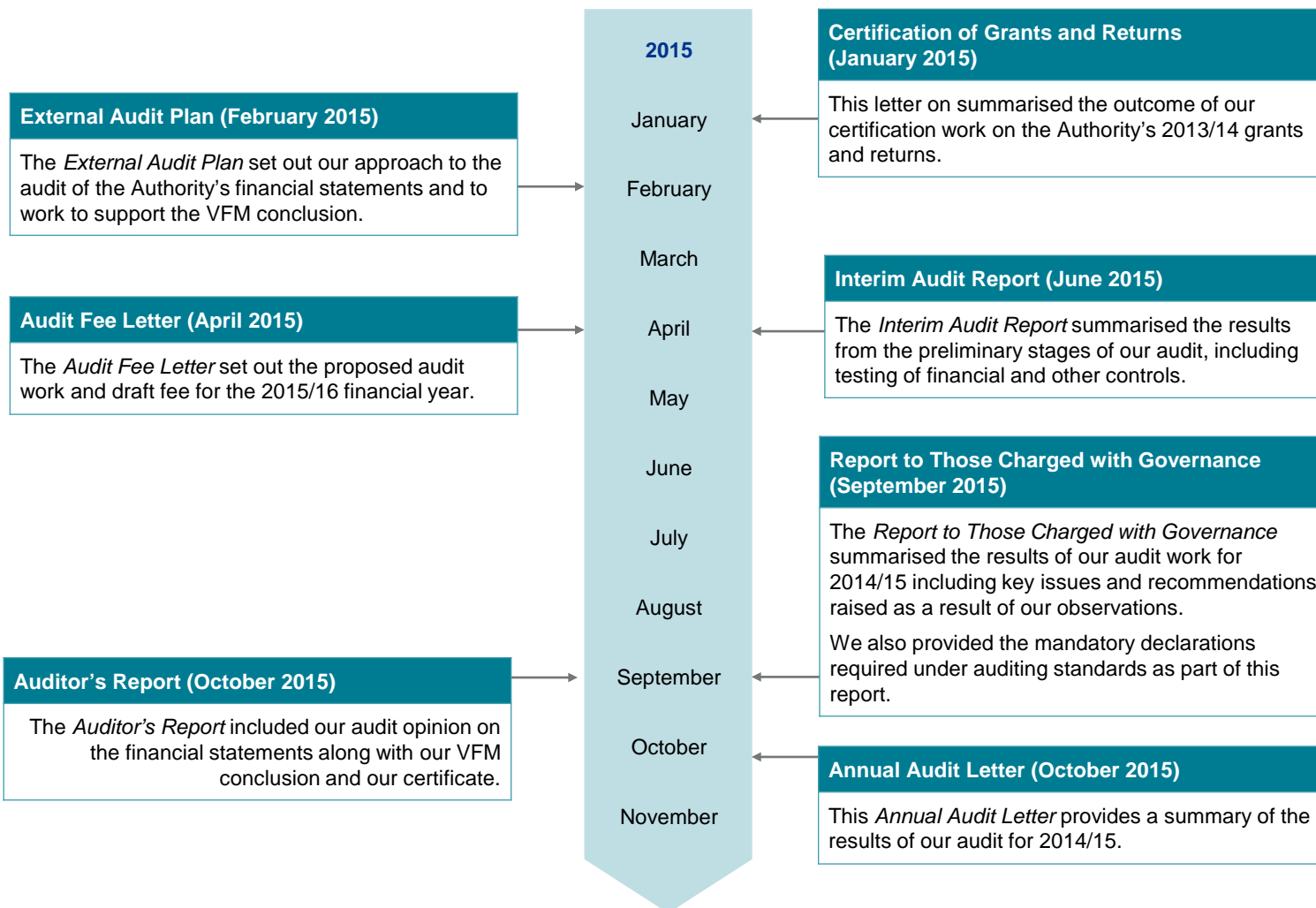
All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Our fee for the 2014/15 external audit was £183,321, excluding VAT. This is the £1,900 more than the planned fee that was included in our Audit Plan; this relates to additional work we carried out in response to a whistleblowing allegation.

We also carried out some additional work for you in 2014/15, totalling £14,500 (excluding VAT). This relates to two pieces of grant certification work (one at £3,500 and one at £4,250, both excluding VAT)) and consideration of tax issues relating to the Bull Contract, £6,750 excluding VAT).

Financial statements audit (continued)	<p>We reviewed the Authority's approach to identifying relevant maintained schools and the assessment of the use of school assets by VA, VC and Foundation Schools. The Authority identified 13 schools which were either VA or VC schools. All of these were already being accounted for in line with LAAP Bulletin 101. No additional schools were identified which should have been on balance sheet.</p> <p>We were therefore satisfied that the approach taken was in line with LAAP Bulletin 101.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding of your governance arrangements.</p>
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.</p>
Recommendations	<p>No recommendations were raised as a result of our 2014/15 audit work.</p>
Certificate	<p>We issued our certificate on 29 September 2015. The certificate confirms that we have concluded the audit for 2014/15 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 the 2014/15 external audit was £183,321, excluding VAT. This is the £1,900 more than the planned fee that was included in our Audit Plan; this relates to additional work we carried out in response to a whistleblowing allegation.</p> <p>We also carried out some additional work for you in 2014/15, totalling £14,500 (excluding VAT). This relates to two pieces of grant certification work (one at £3,500 and one at £4,250, both excluding VAT)) and consideration of tax issues relating to the Bull Contract, £6,750 excluding VAT).</p> <p>Further detail is contained in Appendix 2.</p>

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



This appendix provides information on our final fees for the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit of the Authority was £183,231 (excluding VAT). This compares to a planned fee of £181,331 (excluding VAT). The variance of £1,900 relates to some additional work that was required in response to a whistleblowing allegation.

Certification of grants and returns

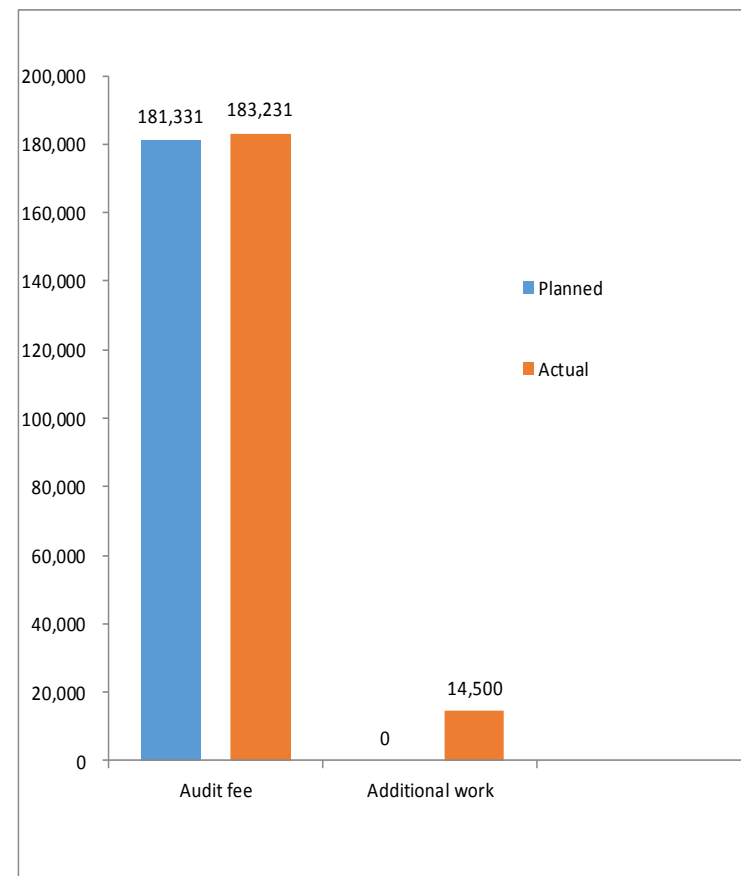
Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2016.

Other services

We charged £14,500 (excluding VAT) for additional audit and non-audit related services, this was made up of the following items:

- additional work relating to the consideration of tax issues relating to the Bull contract (£6,750 excluding VAT); and
- certification of the two grant claims and returns that sit outside of Public Sector Audit Appointment's certification regime (£3,500 and £4,250 respectively, excluding VAT).

External audit fees 2014/15 (£'000)





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