



Annual Audit Letter 2016/17

Chesterfield Borough
Council

October 2017

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This report is addressed to the Chesterfield Borough Council (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 Appointments 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 Tony Crawley, 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.

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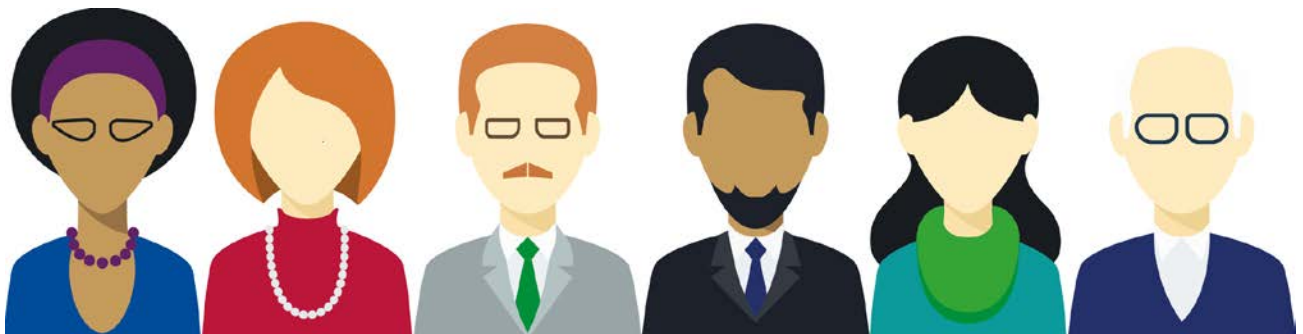
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Section one

Summary

This Annual Audit Letter summarises the outcome from our audit work at Chesterfield Borough Council in relation to the 2016/17 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

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM) for 2016/17 on 26 September 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources

To arrive at our conclusion we looked at the Authority's arrangements in regard to informed decision making, sustainable resource deployment and working with partners and third parties.

VFM risk areas

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.

Our work identified the following VFM risk as highlighted in our External Audit Plan 2016/17:

Delivery of Financial and Savings Plans - Along with the rest of Local Government, the Authority continues to face similar financial pressures and uncertainties to those experienced by others in the local government sector. The Authority needs to have effective arrangements in place for managing its annual budget, generating income and identifying and implementing any savings required to balance its medium term financial plan.

We reviewed the financial outturn position against original plans, comparing the outturn with both the original and revised estimates for the financial year.

The original budget set by the Authority for 2016/17 showed a deficit position of £236k after allowing for planned savings of £1,051k.

At the year end the Authority has been able to balance the General Fund with a £100k surplus in 2016/17 in financially challenging times. This outturn position provides the Authority with an improved level of financial resilience against risks including uncertainties relating to the reduction in Government grants, NNDR and New Homes Bonus, alongside some flexibility to enable it to invest either to save or to generate returns.

The Medium Term Financial Plan currently projects that planned savings in the next two years are less than those previously achieved. A deficit of £209k and £458k is being forecast for 2017/18 and 2018/19 respectively. Nevertheless, this represents a significant challenge as it becomes harder to make savings year after year, and the increasing localisation of financial risk means that there is less certainty about income levels. We will continue to discuss the position and the Authority's plans and options in our regular liaison meetings with senior officers.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 26 September 2017. 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.



Section one

Summary (cont.)

This Annual Audit Letter summarises the outcome from our audit work at Chesterfield Borough Council in relation to the 2016/17 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.



Financial statements audit

We did not identify any issues in the course of our audit that were considered to be material. To improve the transparency of financial reporting officers agreed that it would be better to show the impact of the change in the discount factor applied to social housing as an exceptional item on the face of the Comprehensive Income and Expenditure Statement in order to not confuse the underlying position. We identified a small number of presentational adjustments required to ensure that the accounts were compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which the Authority amended.

The Authority has good processes in place for the production of the accounts and good quality working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.

Other information accompanying the financial statements

We review other information that accompanies the financial statements to consider its material consistency with the audited accounts. We reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding of the Authority.

Whole of Government Accounts

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.

High priority recommendations

We are pleased to report that there are no high risk recommendations arising from our 2016-17 audit work and there are no outstanding agreed high priority audit recommendations from prior years.

Certificate

We issued our certificate on 26 September 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

Audit fee

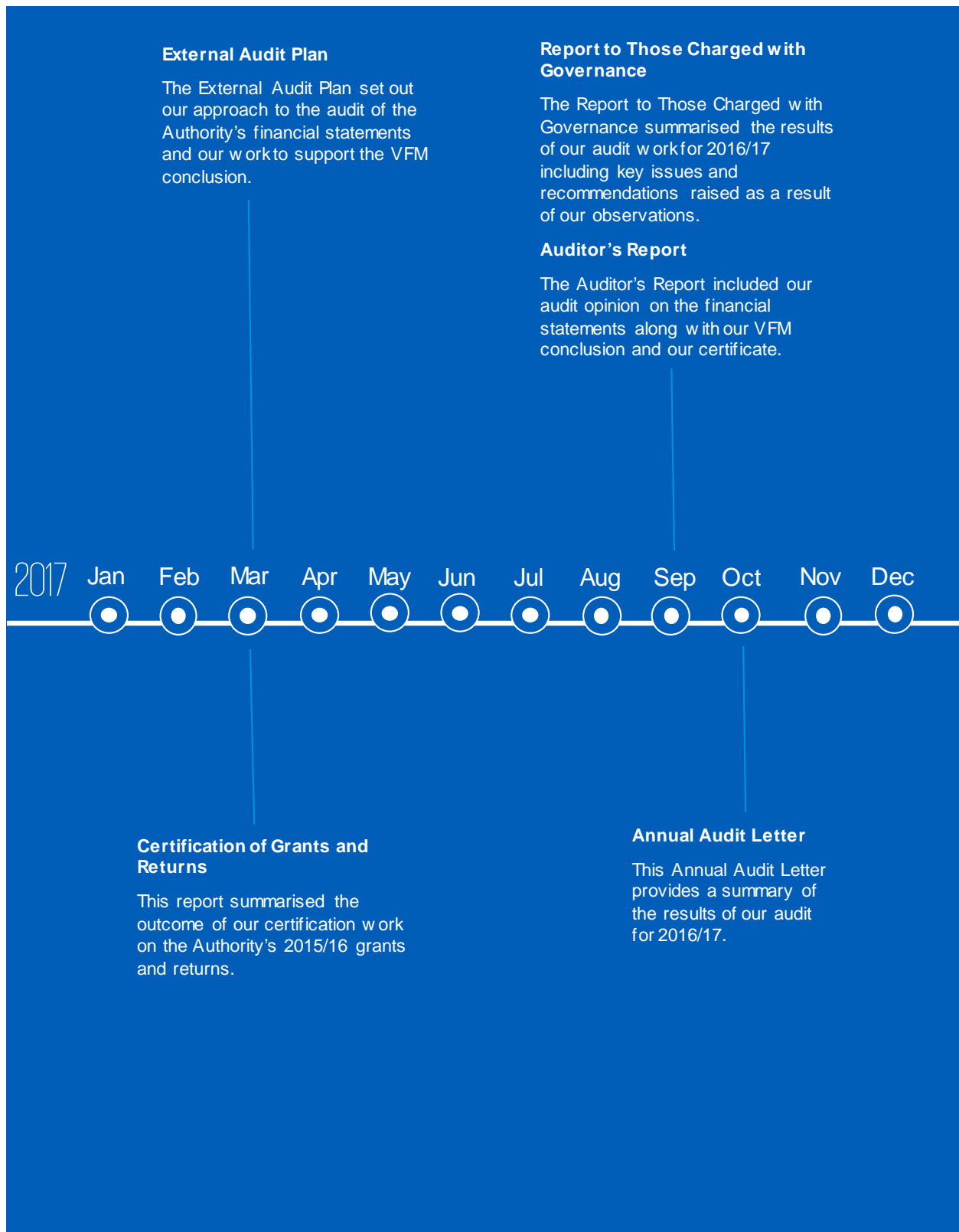
Our fee for 2016/17 was £52,445 excluding VAT, which is in line with the planned fee. There were no additional fees for the financial statements audit.

During the year we also completed the certification of the 2015-16 housing benefit claim (total fees £6,465) and a review of the pooling of capital receipts return (£3,000).

Appendix 1

Summary of reports issued

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



Appendix 2

Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

External audit

Our final fee for the 2016/17 audit of Chesterfield Borough Council was £52,445, which is in line with the planned fee. There were no additional fees.

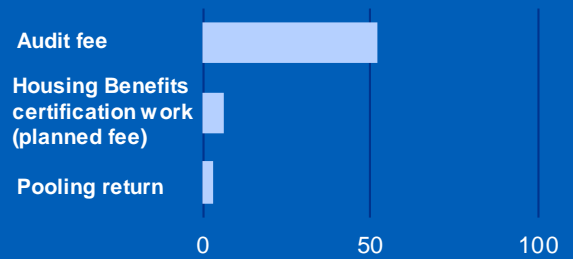
Certification of grants and returns

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 March 2018.

Other services

We reviewed the Pooling of Housing Capital receipts return for 2015/16 during this year. The fee for this work as **£3,000**.

External audit fees 2016/17
(£'000)



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