



# Annual Audit Letter 2015/16

**Chesterfield Borough Council**

October 2016



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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. 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 Appointment's website ([www.psaa.co.uk](http://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](mailto: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](mailto: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 Annual Audit Letter summarises the outcome from our audit work at Chesterfield Borough Council in relation to their 2015/16 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 conclusion) for 2015/16 on 28 September 2016. This means we are satisfied that during the year that Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.

Our Audit Plan recognised the risk around financial resilience and we undertook work to understand the Authority's arrangements. To arrive at our conclusion we reviewed the Authority's Medium Term Financial Plan (MTFP) and outturn for 2015/16. The key findings were:

- The Authority recognises the budget pressures it faces in the medium term, most notably reductions in the Revenue Support Grant provided centrally, but also other uncertainties such as the future of the new Homes Bonus. The Medium Term Financial Plan (MTFP) covers the next four financial years and includes the General Fund revenue budget and capital programme, the Housing Revenue Account budget, rent setting and capital programme and Treasury Management reports. Projections in the revised plan which covers the period up to 2019/20 show the need to make savings of over £11m over the life of the current MTFP, in addition to the savings already achieved. The level of annual savings required is a significant proportion of the Authority's net expenditure which equates to around £10 million per year. The Authority acknowledged the need to analyse further the savings achieved in previous years to assess what measures have been successful.
- The Authority has reported a surplus of £448k in 2015/16 against an original budgeted deficit of £94k and a revised budget surplus of £225k. The year end outturn position showed a significant positive variation on the outturn position that had been forecast and reported to Members throughout the year. We recommended that an exercise to understand the reasons behind the variances and the potential impact on the financial position in future years should be completed and the Authority has now undertaken this exercise.
- The Authority has achieved its general fund reserves target of £1.5 million at the end of 2015/16. At 31 March 2016 the Authority also has £10.4 million of general fund earmarked reserves. However, it should be noted that the majority of these are already committed to projects. The report to Cabinet on 14 June 2016 explains that the uncommitted balance on these reserves was £1.35m.
- The Authority has resolved to apply to be a full constituent member of Sheffield City Region Combined Authority in line with the statutory process. It has undertaken a risk assessment and has recognised the human resources, financial and legal and data protection implications of this decision. The Authority will need to monitor closely the resulting risks and economic opportunities and to assess the overall impact of the change

**Audit opinion**

We issued an unqualified opinion on the Authority's financial statements on 28 September 2016. 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

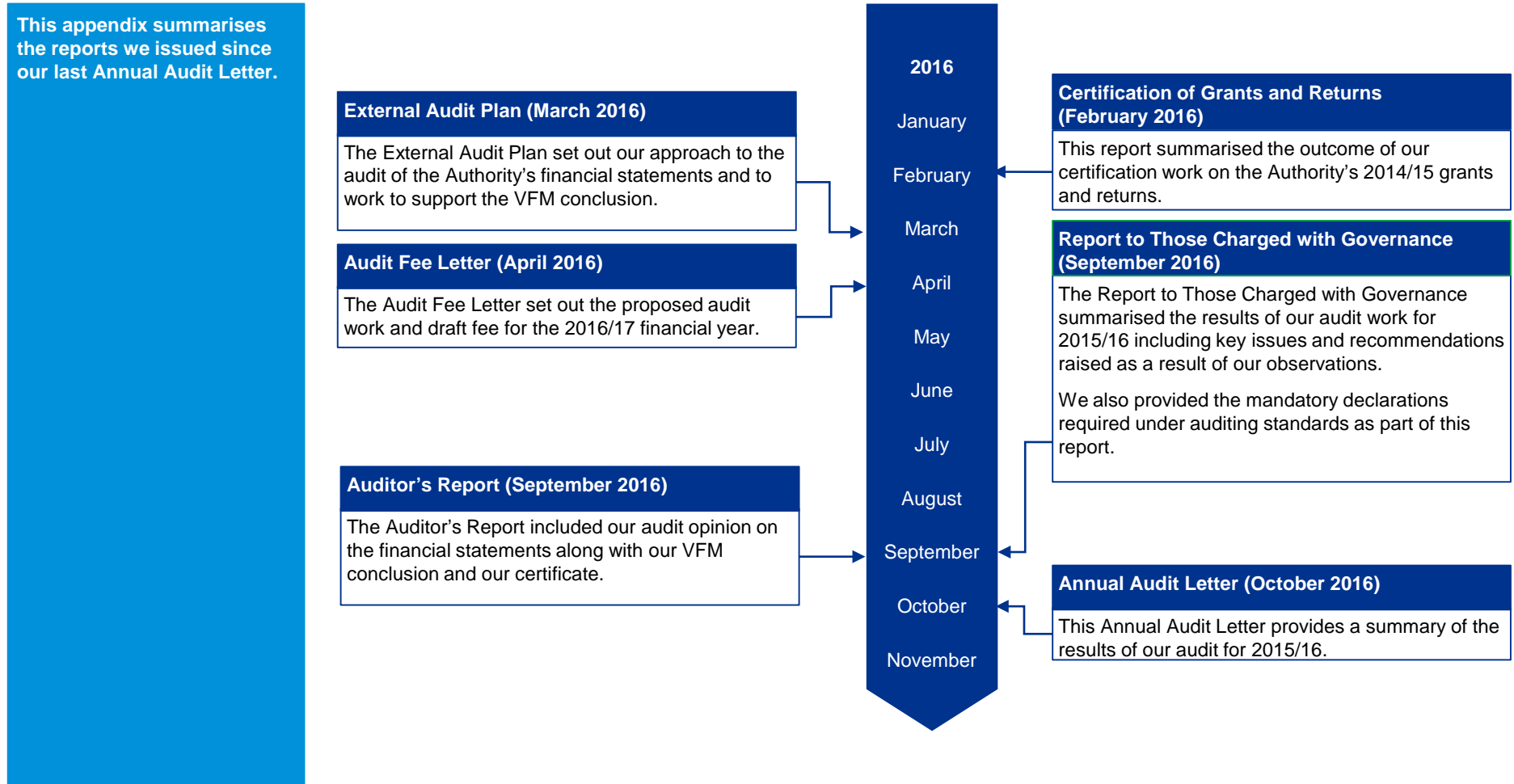
# Headlines

**This Annual Audit Letter summarises the outcome from our audit work at Chesterfield Borough Council in relation to their 2015/16 audit year.**

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<b>Annual Governance Statement</b>	We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding and that it met the requirements of CIPFA/SOLACE.
<b>Whole of Government Accounts</b>	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.
<b>Certificate</b>	We issued our certificate on 28 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
<b>Audit fee</b>	Our fee for 2015/16 was £52,963, excluding VAT. This compares to a planned fee of £52,445. The reason for this variance is an increased fee for the audit of the financial statements reflecting additional work undertaken to audit the implementation of a new housing repairs and maintenance system during the year. Further detail is contained in Appendix 2.

# Appendix 1: Summary of reports issued



# Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

### External audit

Our final fee for the 2015/16 audit at Chesterfield Borough Council was £52,963. This compares to a planned fee of £52,445. The reason for this variance is:

- an increased fee for the audit of the financial statements reflecting additional work undertaken to review the implementation of a new housing repairs and maintenance system £518.

Our fees are still subject to final determination by Public Sector Audit Appointments.

### 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 2017.

### Other services

We charged £3,000 for additional audit-related services for the certification of the Pooling of Housing Receipts Return, which is outside of Public Sector Audit Appointment's certification regime.



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