



# Annual Audit Letter 2015/16

**North Yorkshire County Council**

—

October 2016



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This report is addressed to the Council and has been prepared for the sole use of the Council. 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 Rashpal Khangura, the engagement lead to the Council, 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.

<p><b>This Annual Audit Letter summarises the outcome from our audit work at North Yorkshire County Council in relation to the 2015/16 audit year.</b></p> <p><b>Although it is addressed to Members of the Council, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Council's website.</b></p>	<p><b>VFM conclusion</b></p> <p>We issued an unqualified conclusion on the Council's arrangements to secure value for money (VFM conclusion) for 2015/16 on 29 September 2016. This means we are satisfied that during the year the Council had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.</p> <p>To arrive at our conclusion we looked at the Council's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>
	<p><b>VFM risk areas</b></p> <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>We updated our risk assessment at the year end, and did not identify any significant risks as a result of this update. There were no matters of any significance arising as result of our audit work in these VFM risk areas.</p> <p>In assessing the Council's VFM arrangements we considered the following key elements:</p> <ul style="list-style-type: none"> <li>— The Council's approach to medium term financial planning;</li> <li>— The Council's approach to partnership working; and</li> <li>— The outcome to the Council's LGA Peer Review.</li> </ul>
	<p><b>Audit opinion</b></p> <p>We issued an unqualified opinion on the Council's financial statements on 29 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Council and of its expenditure and income for the year. The financial statements also include those of the North Yorkshire Pension Fund and the County Council's Group, which consists of the Council itself and its subsidiary companies.</p>
	<p><b>Financial statements audit</b></p> <p>Our audit identified a number of audit adjustments in excess of our reporting threshold of £750,000. The Council has amended all of these except one relating to the cash flow statement for which it does not have the relevant information. None of these adjustments impacted on the general fund balance, the surplus on provision of services, or the net worth of the Council.</p> <p>We carried out work to satisfy ourselves that the following significant financial statements audit risks had been appropriately addressed by the Council in the financial statements:</p> <ul style="list-style-type: none"> <li>— New financial system, implemented from 1st April 2015; and</li> <li>— Accounting impact of the flooding in the county in December 2015.</li> </ul> <p>We worked with officers to understand the impact of these risks and there were no matters of any significance arising as a result of our audit work in these key risk areas.</p>

## Section one

# Headlines (cont)

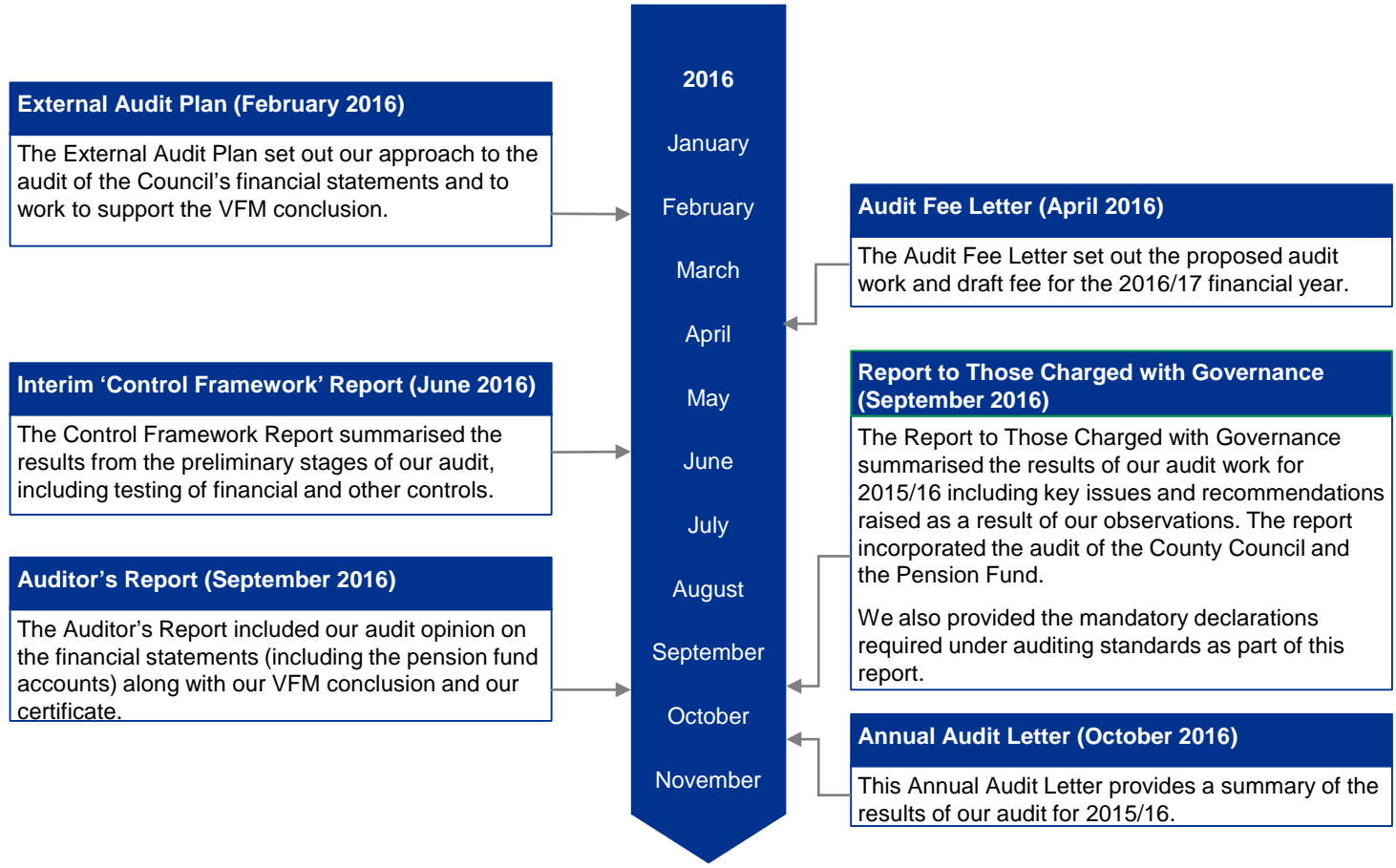
We have issued our certificate to confirm the completion of our audit responsibilities for the 2015/16 audit year.

<b>Other information accompanying the financial statements</b>	Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.
<b>Pension fund audit</b>	There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report.
<b>Whole of Government Accounts</b>	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Council's pack was consistent with the audited financial statements.
<b>High priority recommendations</b>	We raised five recommendations during our 2015/16 audit work. None of these were rated as High Priority recommendations. We will formally follow up these recommendations as part of our 2016/17 work.
<b>Certificate</b>	We issued our certificate on 29 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 Council's audit for 2015/16 was £97,481, excluding VAT. Our fee for the Pension Fund audit for 2015/16 was £29,939. Further detail is contained in Appendix 2.

# Appendix 1: Summary of reports issued

This appendix summarises the reports we issued in 2015/16.

These reports can be accessed via the Audit Committee pages on the Council's website at [www.northyorks.gov.uk](http://www.northyorks.gov.uk).





# 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 Council we have summarised below the outturn against the 2015/16 planned audit fee.

### External audit

Our final fee for the 2015/16 audit of the County Council was £97,481. This compares to a planned fee of £94,490.

The additional fee in 2015/16 of £2,991 reflects the additional work we carried out over the Council's new financial system.

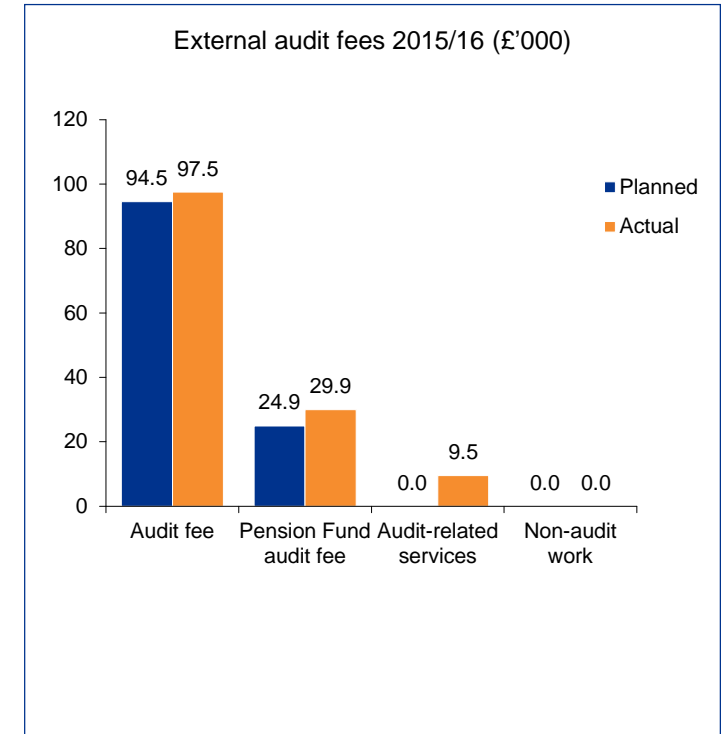
Our final fee for the 2015/16 audit of the Pension Fund was £29,939. This compares to the planned fee of £24,943.

The additional fee in 2015/16 of £4,996 reflects the additional work we were required to carry out for other auditors of admitted bodies under arrangements put in place by Public Sector Audit Appointments.

### Other services

We charged the Council an additional £3,500 for additional audit-related services relating to the assurance report required by Department for Transport (DfT) under their Major Schemes funding for 2014/15.

During November and December 2016 we will also be carrying out work to provide an assurance report for the DfT Major Schemes for 2015/16, and to provide an assurance report for Teachers' Pensions on the Council's 2015/16 TP return. The fees for these will be £2,500 and £3,500 respectively.





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