



Annual Audit Letter 2015/16

**Amber Valley Borough
Council**

26 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).

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.

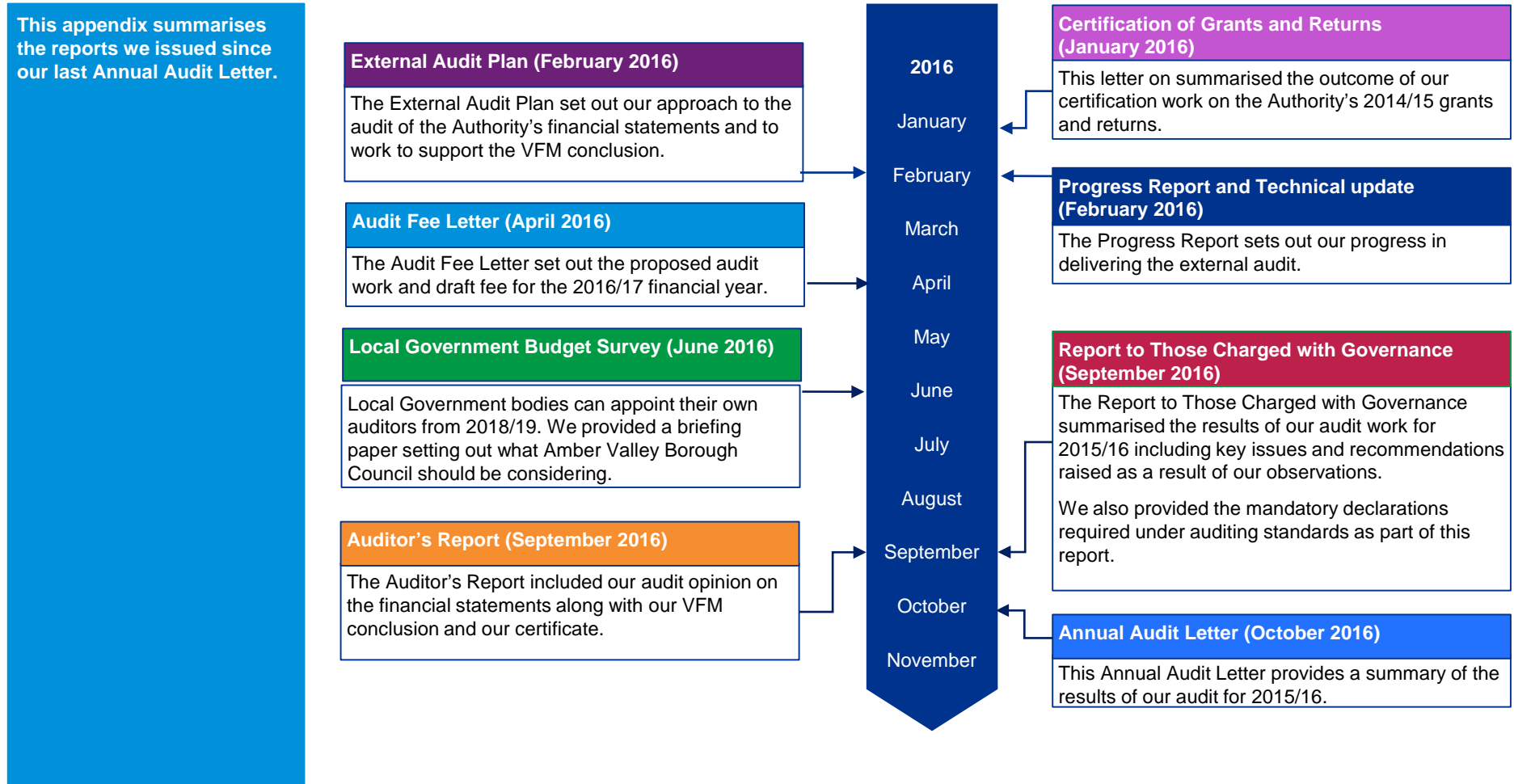
We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with 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.

This Annual Audit Letter summarises the outcome from our audit work at Amber Valley 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	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 30 September 2016. This means we are satisfied that during the year the Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.</p> <p>In reaching our VFM conclusion we assessed the progress being made by the Authority against its Budget Reduction Action Plan. As a medium term measure, the Authority will allocate funding from the New Homes Bonus (£3 million over the next three years) to the General Fund, as opposed to funding the Housing Strategy.</p> <p>As a longer term strategy the Authority is undertaking a rigorous review of all its services with the aim of identifying £3.8 million of savings per annum. The outcome of this review is currently at too early a stage to assess. The Authority's Financial Plan 2016-19 only includes savings already made and not expected, which we believe is a prudent approach. Current savings made are in the region of £0.4 million per annum, including the green waste service and reduced funding to parish councils for council tax support.</p> <p>We also considered the assumptions used in producing the Financial Plan, and we concluded that the assumptions are not unreasonable.</p>
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 30 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.</p>
Financial statements audit	<p>The Statement of Accounts 2015/16 were prepared in a timely manner with good quality supporting working papers. There were no uncorrected audit adjustments.</p> <p>Our audit identified no material misstatements. One audit adjustment with a total value of £501,000 was identified in relation to the netting out of revaluation losses on Investment Properties. This had no impact on the General Fund or surplus/deficit on provision of services. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.</p>
Annual Governance Statement	<p>We reviewed your Annual Governance Statement and concluded that it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.</p>
Whole of Government Accounts	<p>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.</p>
Certificate	<p>We issued our certificate on 30 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.</p>
Audit fee	<p>Our final fee for the 2015/16 audit of the Authority was £48,586. This compares to a planned fee of £47,486. The reason for this variance is additional work, as set out in our Audit Plan, in respect the introduction of a new payroll system.</p> <p>Our scale fee for certification of housing benefits subsidy is £6,357 excluding VAT</p> <p>Our fees are still subject to final approval by PSAA. Further detail is contained in Appendix 2.</p>

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 of the Authority was £48,586. This compares to a planned fee of £47,486. The reason for this variance is additional work, as set out in our Audit Plan, in respect the introduction of the new payroll system.

Our fees are still subject to final approval by PSAA.

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.

Other services

We did not charge any additional fees for other services during 2015/16.



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