



Annual Audit Letter 2016/17

Harborough District
Council

October 2017

Contents

Report sections

Summary/Headlines	3
-------------------	---

Appendices

1. Summary of reports issues	5
2. Audit Fees	6

This report is addressed to the Harborough District 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 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.

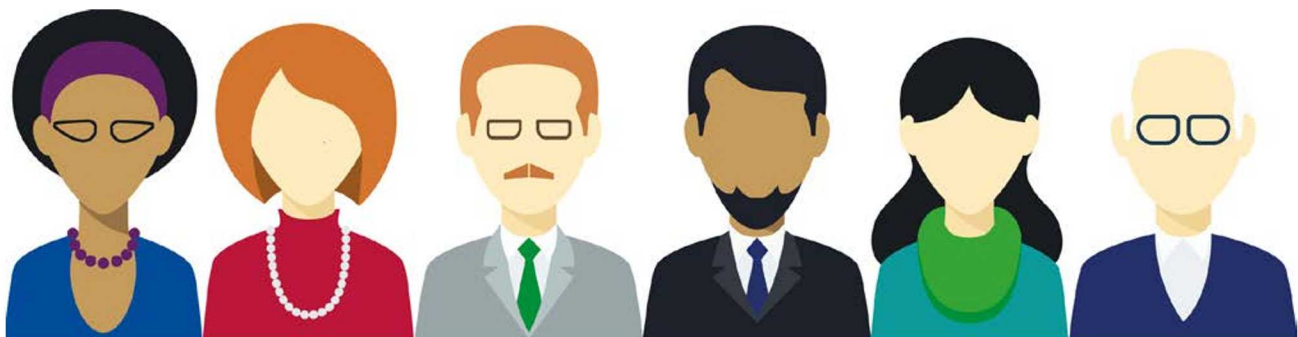
We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your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

The contacts at KPMG in connection with this report are:

Tony Crawley
Director
KPMG LLP (UK)
T: 0116 256 6067
E: Tony.crawley@kpmg.co.uk

Sundeep Gill
Manager
KPMG LLP (UK)
T: 07798 572337
E: Sundeep.gill@kpmg.co.uk

James Keen
Assistant Manager
KPMG LLP (UK)
T: 07774 707273
E: James.keen@kpmg.co.uk



Section one

Summary

This Annual Audit Letter summarises the outcome from our audit work at Harborough District 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 27 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 significant financial pressures and uncertainties. These include the implications of Brexit, mechanism changes in New Homes Bonus funding, the potential for one hundred percent business rates retention of locally collected rates, and the outcome of outstanding business rates appeals.

For 2016/17, the Authority had a balanced budget and detailed further savings and income generation plans totalling £1.17 million. Additionally, the Authority is in the process of developing its Local Plan, likely to be an important element of its overall strategy for securing financial resilience.

We reviewed the Authority's outturn report 2016/17, the 2017/18 Budget, the Medium Term Financial Strategy for 2016/17 to 2019/20 and its four-year efficiency plan in order to help us understand the arrangements in place.

The Authority's Medium Term Financial Strategy identifies funding pressures of £1.495m, £2.908m and £3.274m over the period 2017/18 to 2019/20. As a result the Authority has identified funding options to mitigate against these pressures, which include increased utilisation of Earmarked reserves, planned use of General Fund reserves, savings from efficiency plan targets and increasing Council Tax.

In October 2016 the Authority submitted its four-year efficiency plan to the DCLG. This was in response to the invitation from the Secretary of State in March 2016 for local authorities to engage with Government to secure a multi-year settlement for Revenue Support Grant, thus helping the Authority's financial planning. The provisional financial settlement for 2017/18 was announced by the Secretary of State on 15 December 2016 setting the minimum levels of Revenue Support Grant for the following four years.

For 2017/18 the Authority proposes to deliver income generation and savings of £0.700m and use planned reserves of £0.649m to balance the budget. The Authority has projected level of reserves of £13.429m as at 31 March 2018 including general fund balance of £4.928m, which is above the level of £1.167m as the minimum recommended level as set by the Authority.

Section one

Summary (cont.)

This Annual Audit Letter summarises the outcome from our audit work at Harborough District 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.



Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 27 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.

Financial statements audit

We did not identify any issues in the course of our audit that were considered to be material. 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 ('the Code'), which the Authority amended the statements for all such issues identified.

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 27 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

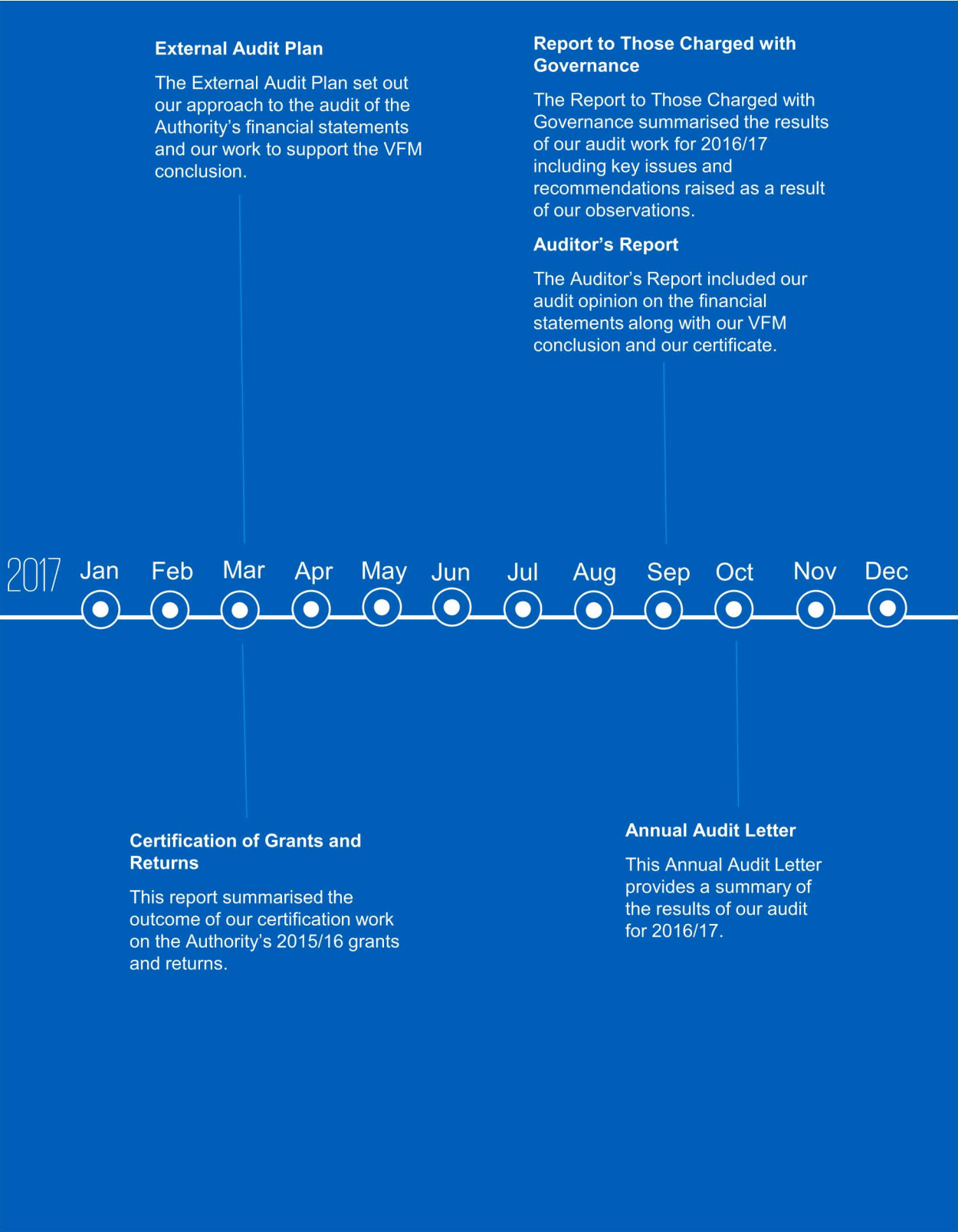
Our fee for 2016/17 was £41,912 excluding VAT, which is in line with the planned fee. There were no additional fees.

Appendix 1

Summary of reports issued

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

These reports can be accessed via the Governance and Audit Committee pages on the Authority’s website at www.harborough.gov.uk.



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

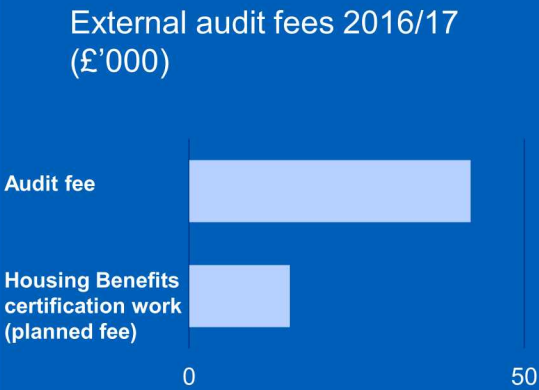
Our final fee for the 2016/17 audit of Harborough District Council was £41,912, which is in line with the planned fee. There were no additional fees.

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 provided no other services to the Authority.



kpmg.com/uk



© 2017 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.