



# Annual Audit Letter 2016/17

West Devon  
Borough Council

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October 2017



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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)).

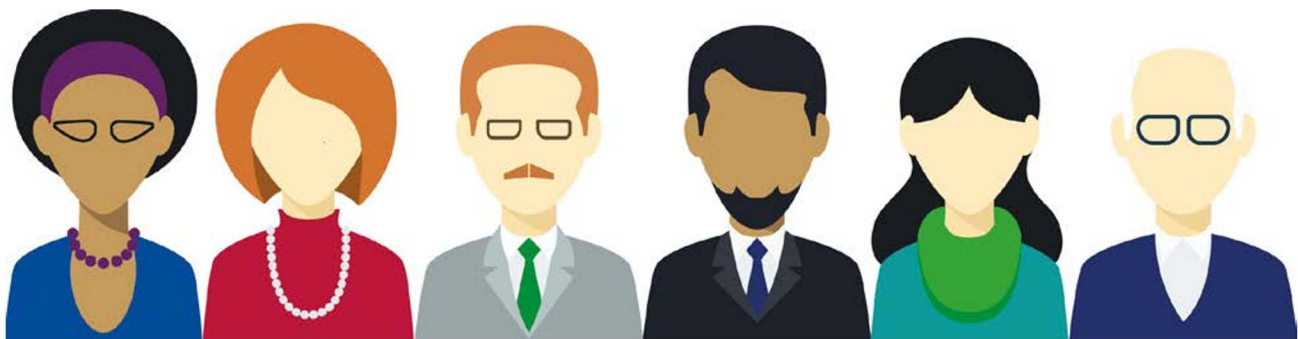
External auditors do not act as a substitute for the audited body’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, 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 Darren Gilbert, 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.

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# Summary

This Annual Audit Letter summarises the outcome from our audit work at West Devon 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 conclusion) for 2016/17 on 19 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 to make 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 significant matters:

- **Delivery of savings plans:** The Authority is facing significant savings requirements as a result of the ongoing reductions in central Government funding and identified the need to make savings of £0.9m in 2016/2017. As part of our work we also reviewed the budgetary monitoring and control and are satisfied that this is working effectively. We are satisfied that adequate arrangements are in place to identify savings plans and monitor performance against these throughout the year. However, like most bodies in the sector, the Authority will continue to face significant financial challenges in the future. It will therefore be vital that the Council maintains a strong focus on these challenges and takes the difficult decisions that will be necessary to address them; and
- **T18 Transformation Programme:** As part of its response to funding reductions, the Council has been delivering a transformation programme (“T18”) which has resulted in significant changes in the way in which the Council operates. The establishment of this new working model has resulted in significant one-off investment costs, both in terms of redundancy costs and those relating to the establishment of new processes and delivery structures. We are satisfied that appropriate approvals were sought from Members and that progress is being monitored and reported.

## Audit opinion

We issued an unqualified opinion on the Authority’s financial statements on 19 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

## Financial statements audit

We identified the following significant audit risks in respect of our audit of the Authority's financial statements:

- **Local Government Pension Scheme triennial revaluation:** We reviewed the process used to submit payroll data to the Pension Fund and tested the year-end submission process and controls. The assumptions used by your actuary were compared to industry standards, as well as being reviewed by our internal actuarial team. We also substantively agreed the total figures submitted to the actuary to the ledger. No issues were identified as a result of this work.
- **Allocation of shared costs:** As part of our audit work, we reviewed the basis of allocation between West Devon Borough Council and South Hams District Council and re-calculated to ensure that the allocation was correctly reflected within the financial statements. No issues were identified as a result of this work.

We are pleased to report that we did not identify any material misstatements to the Authority's accounts.

We agreed a number of minor presentational and disclosure changes to supporting notes to the accounts to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

We raised no high priority recommendations as a result of our audit work.

## Other information accompanying the financial statements

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.

## 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.

## Certificate

Following completion of our work in relation to the Authority's Whole of Government Accounts we issued our certificate on 30 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.

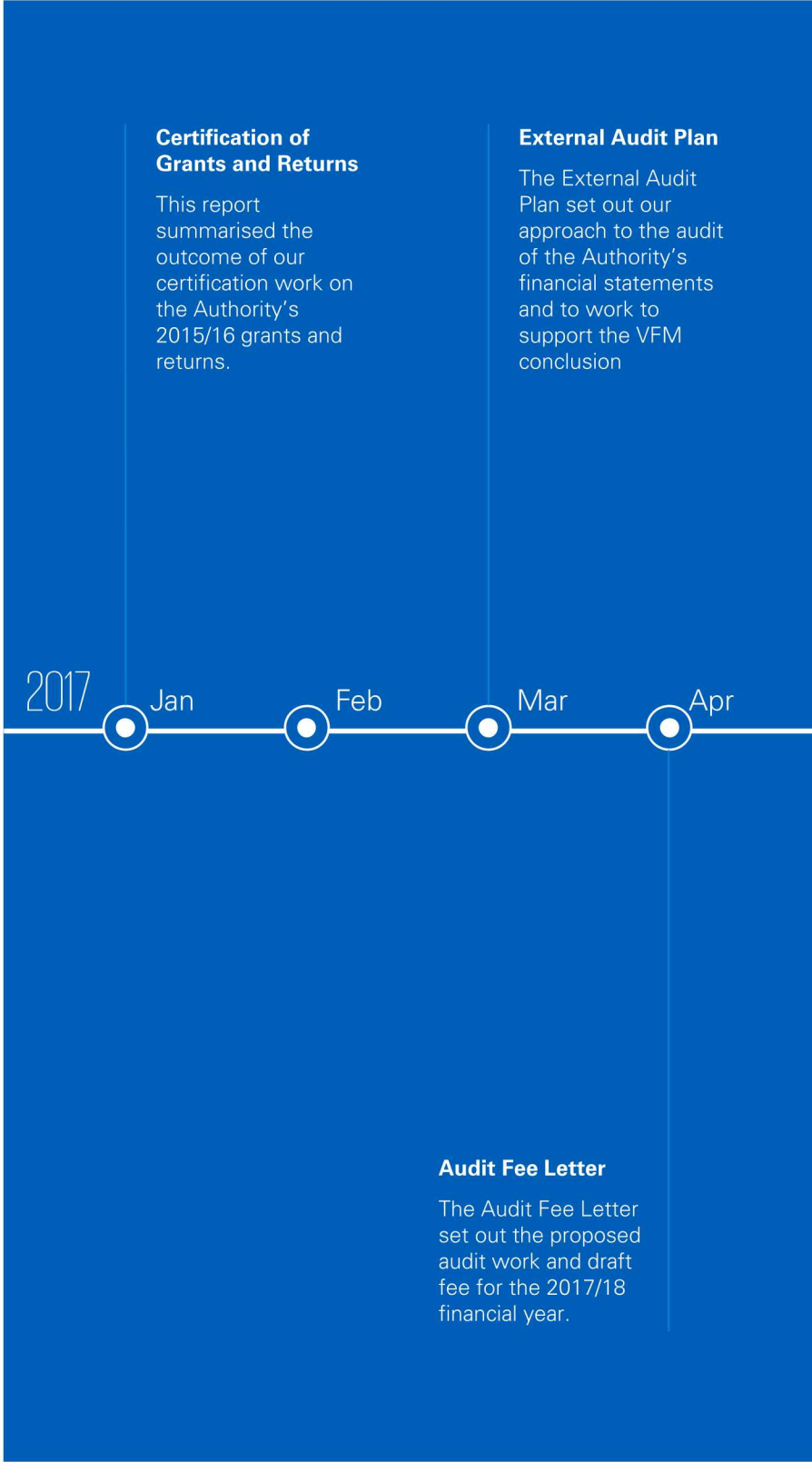
## Audit fee

Our fee for 2016/17 was £39,396, excluding VAT, which is in line with the planned fee we set out in our Audit Fee Letter. Further detail is contained in Appendix 2.

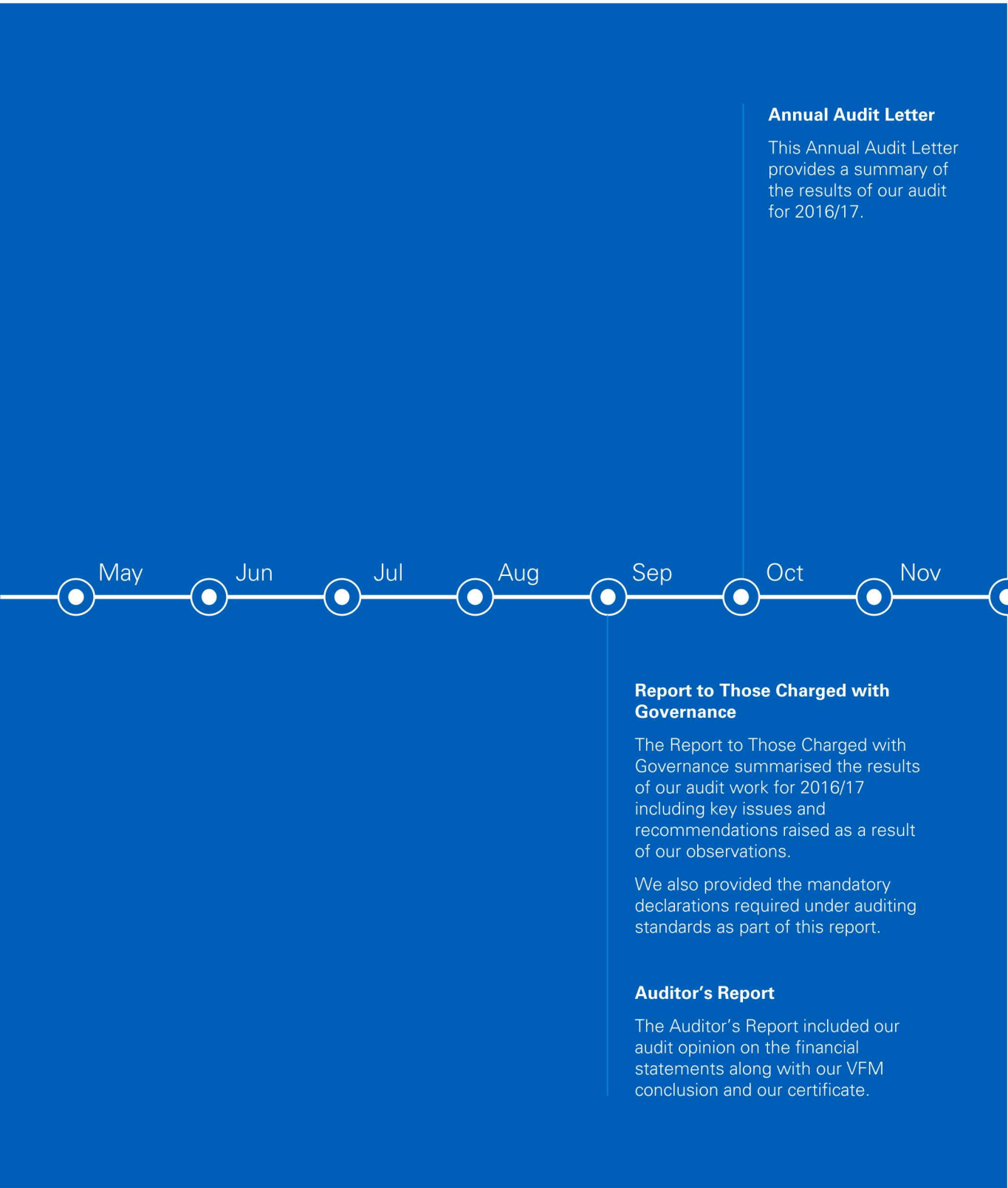
# Summary of reports issued

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

These reports can be accessed via the Audit Committee pages on the Authority’s website at [www.westdevon.gov.uk](http://www.westdevon.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 was £39,396. This is unchanged from our planned fee.

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 2018 but is currently expected to be in line with planned fee of £5,340.

Other services

We did not charge any additional fees for other services.

External audit fees 2016/17 (£'000)



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