



Annual Audit Letter 2016/17

North Yorkshire County Council

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September 2017

Contents

Report sections

Summary 3

Appendices

- 1. Summary of reports issued 5
- 2. Audit fees 6

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.psa.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). 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.

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Section one

Summary

This Annual Audit Letter summarises the outcome from our audit work at North Yorkshire County Council in relation to the 2016/17 audit year. 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.



VFM conclusion

We issued an unqualified conclusion on the Council's arrangements to secure value for money (VFM conclusion) for 2016/17 on 11 September 2017. 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.

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.

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.

In concluding this, we particularly considered the following key elements:

- The Council's approach to medium term financial planning. The 2020 North Yorkshire Council Plan sets out the Council's strategy for delivering against the significant financial challenges. The challenges and risks are significant for the medium term, but from our review we are satisfied that the Council has arrangements in place to respond to these challenges, and we have no issues to report.
- The Council's approach to partnership working. This year has seen closer working with local NHS organisations in areas such as the Better Care Fund and commissioning of health services across the county. The Council is aware of the significant challenges and risks with this closer integration, and we are satisfied that the Council's arrangements to manage these challenges are appropriate and adequate.
- Governance arrangements. The Council continues to deliver some significant projects and change programmes designed to address the financial and operational challenges in the medium term. From our review of the arrangements in place, we are satisfied that the Council has continued to have in place appropriate governance arrangements to support effective decision making.

Audit opinion

We issued an unqualified opinion on the Council's financial statements on 11 September 2017. 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 Council's Group, which consists of the Council itself and its subsidiaries, NYNet Ltd and Yorwaste Ltd.

Section one

Financial statements audit

Our audit of the Council's Group accounts identified a number of audit adjustments. Some of these adjustments impacted on the Comprehensive Income & Expenditure Statement, but the impact was reversed out through the Movement in Reserves Statement and so did not impact on the level of General Fund balance. The adjustments affecting the Balance Sheet reduced the Council's Net Assets by £1.4m. The Council amended the financial statements for all the audit adjustments.

Our audit of the Pension Fund accounts identified one disclosure audit adjustment which had no impact on the net assets of the fund. The Pension Fund amended the financial statements for the adjustment.

There were no significant control weaknesses identified, and no other matters arising from our audit.

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.

Pension Fund audit

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. We reviewed the Pension Fund Annual Report, and concluded that the financial statements included in the Annual Report were consistent with the statements on which we gave our audit opinion.

Whole of Government Accounts

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.

Audit recommendations

We raised one medium priority recommendation as a result of our 2016/17 audit work relating to the Council's closedown processes. We will formally follow up these recommendations as part of our 2016/17 work.

Certificate

We issued our certificate on 21 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 fees

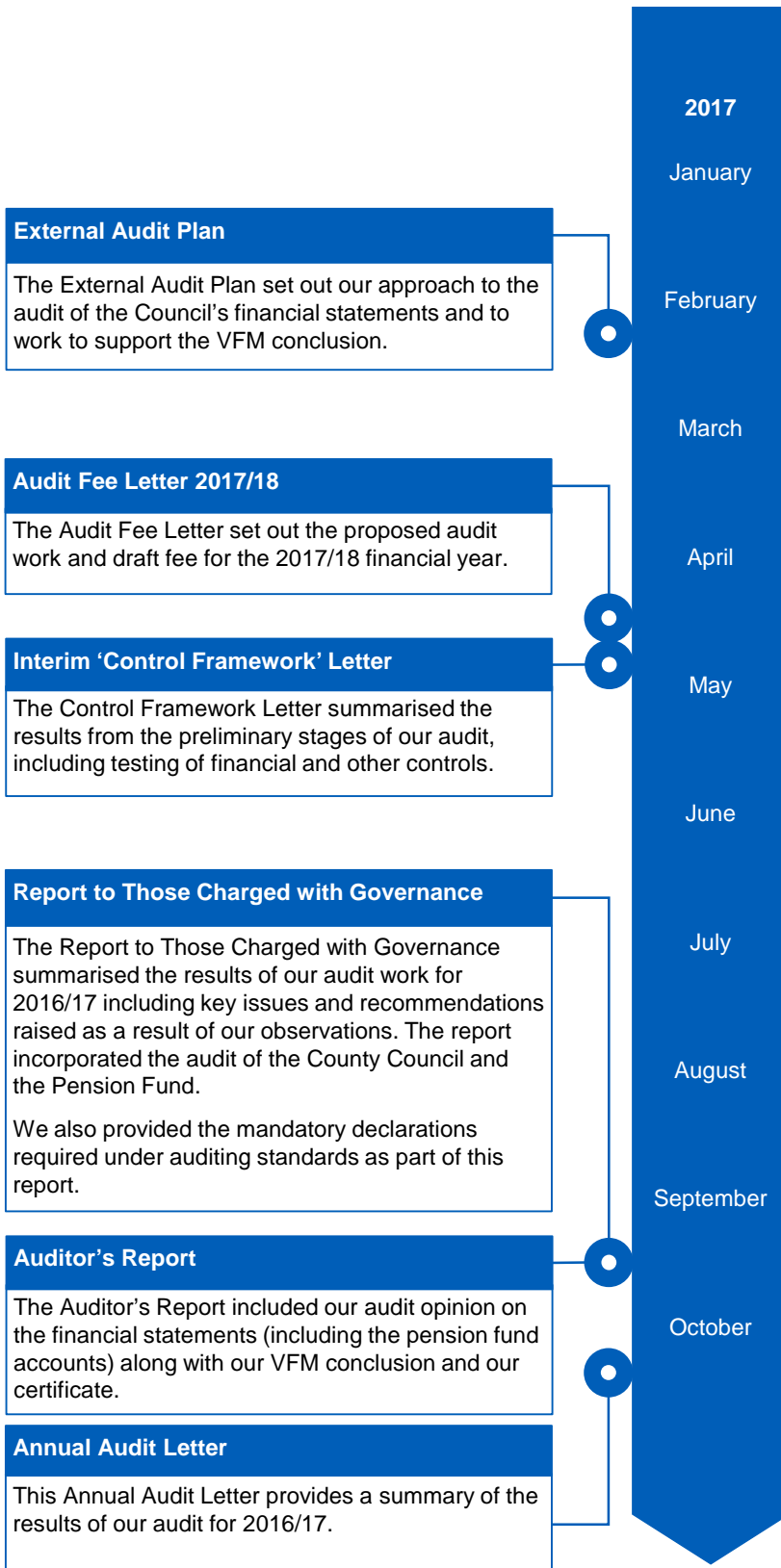
Our fee for 2016/17 was £94,290 (excluding VAT) for the Council, and £24,943 (excluding VAT) for the Pension Fund. In addition to these fees, as in previous years, we have requested from Public Sector Audit Appointments, an additional fee for the Pension Fund audit of £4,996, relating to the additional work we have carried out for the auditors of other Pension Fund member bodies. Further detail is contained in Appendix 2.

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 Audit Committee agendas on the Council's website at www.northyorks.gov.uk.



Appendix 3

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 Council we have summarised below the outturn against the 2016/17 planned audit fee.

External audit

Our final fee for the 2016/17 audit of the Council was £94,490, which is in line with the planned fee.

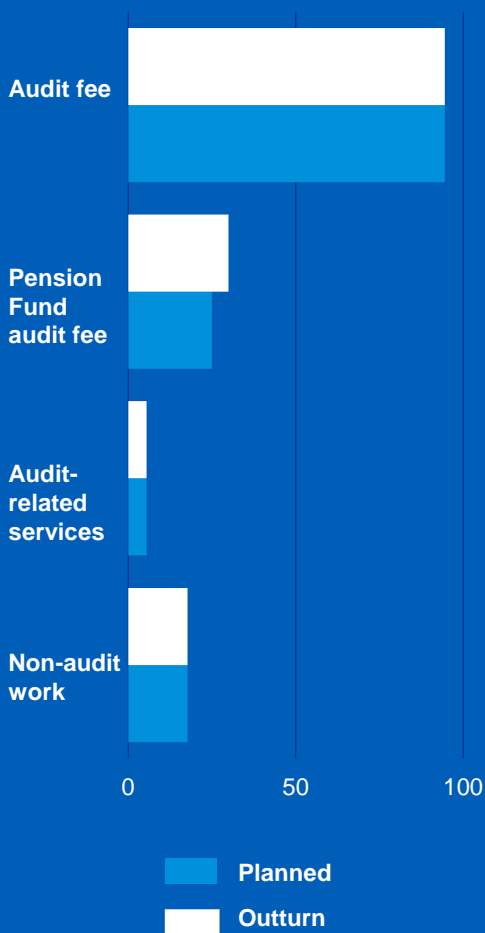
Our final fee for the 2016/17 audit of the Pension Fund is expected to be £29,939. The planned fee was £24,943, and we have requested additional fee of £4,996 from Public Sector Audit Appointments. This relates to the additional work we were required to carry out for other auditors of scheduled bodies under arrangements put in place by Public Sector Audit Appointments. The additional fee request is still subject to approval by PSAA.

Other services

We charged the Council £5,500 for additional audit-related services for assurance reports on the Council's Teacher's Pension return and Department for Transport Major Schemes return, which are outside of Public Sector Audit Appointment's regime.

We also charged the Pension Fund £17,750 for tax services relating to filing claims for withholding tax. This work was not related to our responsibilities under the Code of Audit Practice.

External audit fees 2016/17
(£'000)



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