



Annual Audit Letter 2015/16

Daventry District Council

27 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 Jon Gorrie, 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.

Section one

Headlines

This Annual Audit Letter summarises the outcome from our audit work at Daventry District Council in relation to the 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

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 28 September 2016. This means we are satisfied that during the year that Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.

VFM risk areas

In reaching our VFM conclusion we looked at the Authority's Medium Term Financial Plan (MTFP), covering the period up to 2020/21.

The impact on the Authority's general revenue reserves of projected annual budget surpluses and deficits is to reduce the general fund balance from £7.4 million at 31 March 2016 down to £6.4 million by the end of 2020/21.

The Authority needs to identify further savings of approximately £4.4m over this period. Reviews of services are ongoing to identify further savings, and the MTFP includes £4 million over the next five years as revenue contribution to the capital programme (spending of this amount is at the Authority's discretion).

The VFM risk was framed in the context of financial pressures at Northamptonshire County Council (NCC). While these continue to be a reality, financial pressures at NCC do not directly affect the Authority. However the Authority proposes to continue to be supportive of local regeneration initiatives but these are carefully considered on a case by case basis.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 28 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.

Section one

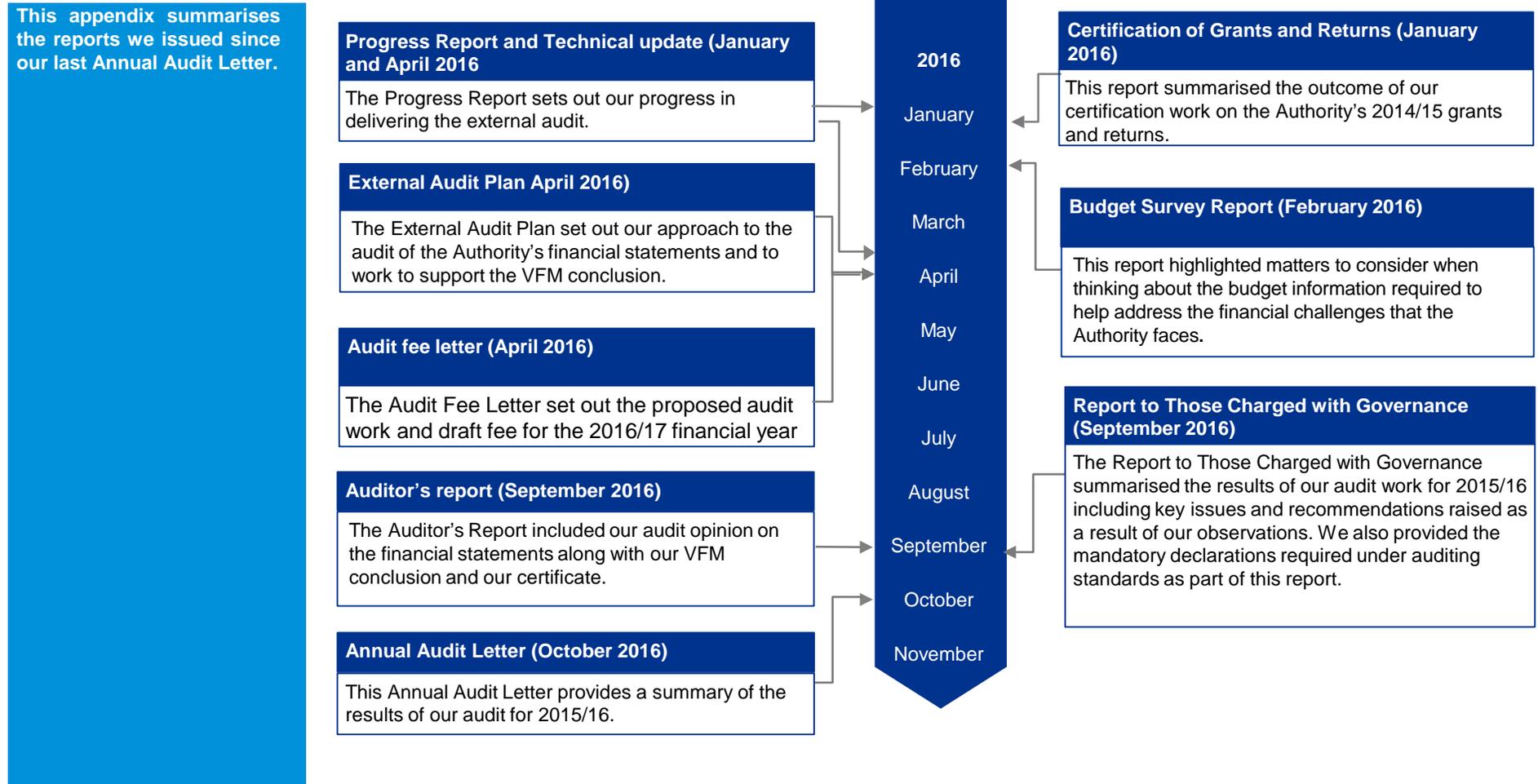
Headlines (cont)

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Financial statements audit	<p>We did not identify any issues in the course of our audit that are considered to be material.</p> <p>The Authority has good processes in place for the production of the accounts. We noted an improvement in the quality of the accounts and the supporting working papers.</p> <p>We received a complete set of draft accounts well in advance of the deadline of 30 June. Building on the experience gained through the early closedown of the 2014/15 accounts, the Authority is well placed to meet the earlier deadline of 31 May that will apply in 2018.</p>
Annual Governance Statement	<p>Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.</p> <p>We reviewed the Authority's 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. As required by the guidance we have confirmed to the National Audit Office that the amounts in the pack fall below the threshold for us to audit it.</p>
Certificate	<p>We issued our certificate on 28 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 fee for 2015/16 was £48,784, excluding VAT. This was in line with our planned fee. 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 Daventry District Council was £48,784 excluding VAT. This is in line with the 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 2017.

Other services

We did not undertake any other services in 2015/16.



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