



# Annual Audit Letter 2016/17

North West  
Leicestershire District  
Council

October 2017

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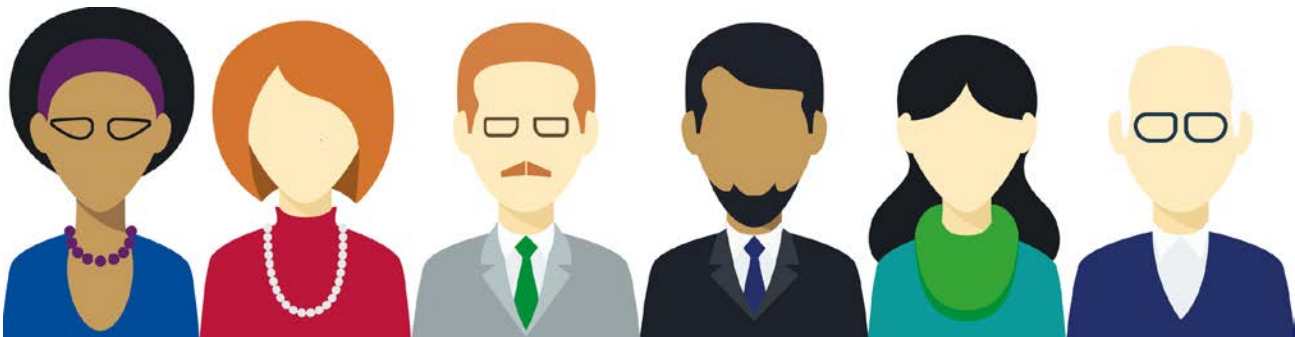
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## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at North West Leicestershire 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 29 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 them.

Our work identified the following VFM risk as highlighted in our External Audit Plan 2016/17:

#### Medium Term Financial Plan

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.

We reviewed the Authority's outturn report 2016/17, the 2017/18 Budget, the Medium Term Financial Strategy for 2017 to 2020 and it four-year efficiency plan in order to help us understand the arrangements in place.

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.

In 2016/17 the Authority achieved a surplus of £1.825m compared with a budgeted surplus of £1.082m. The additional surplus is mainly due to the Authority receiving higher than anticipated income from planning fees (£0.172m), recycling (£0.316m) and business rates (£0.342m).

We also note that the Authority's Housing Revenue Account (HRA) outturn for 2016/17 was a surplus of £3.234m compared with a budgeted surplus of £2.395m. This is mainly due to £0.308m underspend on cyclical repairs, £0.210m additional rental income and £0.138m savings from corporate recharges.

The Authority's Medium Term Financial Strategy identifies funding gap of £0.372m in 2019/20, which will be funded through either use of reserves or savings generated.

For 2017/18 the Authority has set a General Fund balanced budget of £12.473m including predicted surplus of £0.903m and set a surplus HRA budget for 2017/18 of £0.142m.

## Section one

# Summary (cont.)

This Annual Audit Letter summarises the outcome from our audit work at North West Leicestershire 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 29 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 that there were 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'), and the Authority amended the statements accordingly.

The Authority's Cash Flow Statement contained a balancing figure of £0.161m to balance the Statement. As a result we raised a medium rating recommendation for the Authority to resolve this issue going forward, which officers have accepted.

The supporting working papers provided did not in all cases meet the requirements of our 'Prepared by Client' list and in some cases were delayed. Therefore there is an opportunity for improvements to be made in providing a clear set of working papers that fully meet our audit requirements at the outset of the audit. Going forward the Authority needs to tighten its financial reporting process to ensure the new 2017/18 deadline of having audited accounts by the end of July is met.

## 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 (that was not received until 23 August 2017, which is after the statutory deadline of 30 June) and Narrative Report. Both of these were revised to reflect our comments in respect of its format, content and the requirements of Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE (2016) and the Code. 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. This pack was provided late to us on 19 October 2017, which is after the submission deadline of 30 June. 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 29 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

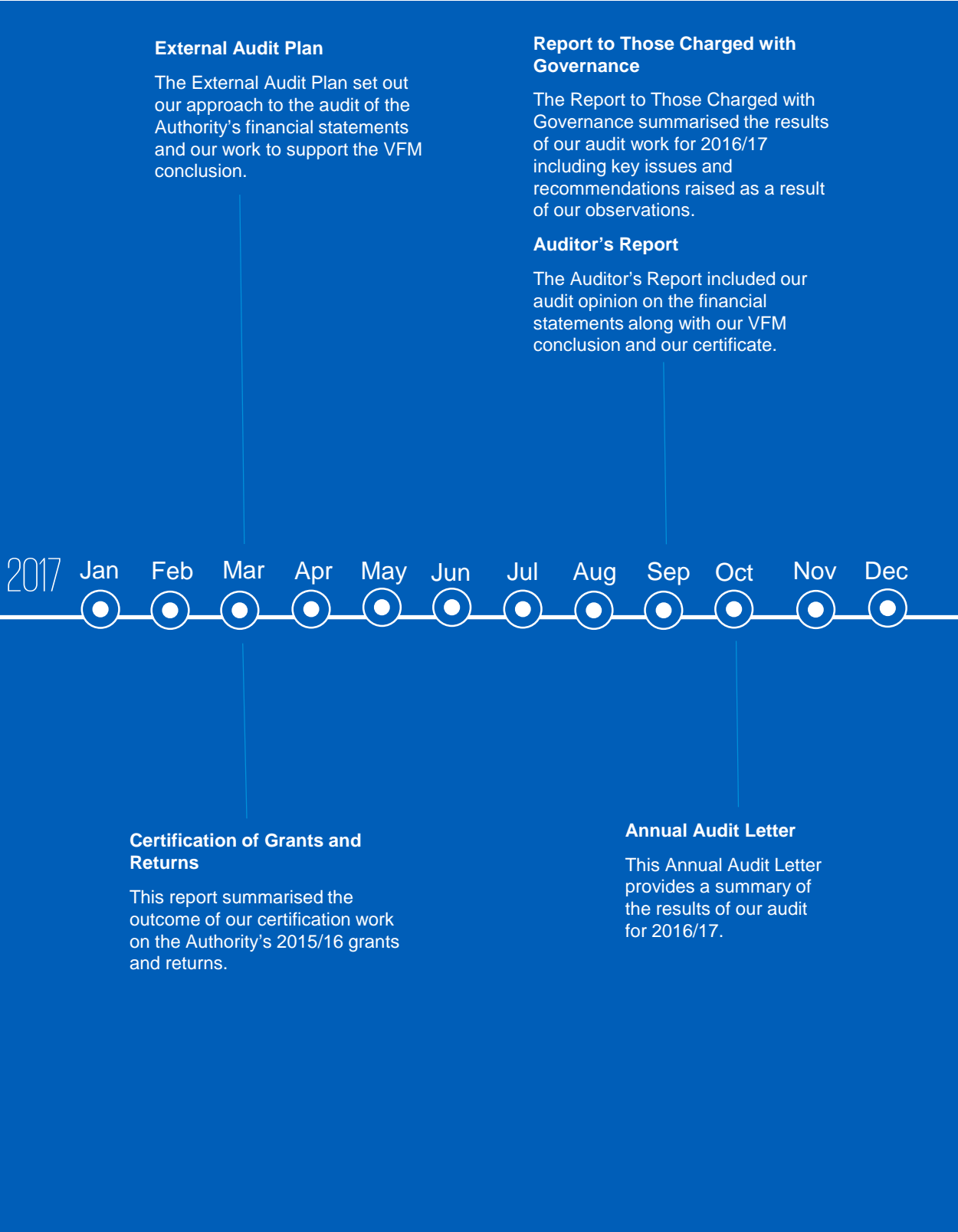
Our proposed final fee for 2016/17 was £51,869 excluding VAT. This compares to a planned fee of £50,522. We propose to charge (subject to PSAA approval) additional fee of £1,347 to reflect the additional work and costs incurred in carrying out the final accounts audit. Further detail is contained in 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 and Governance committee pages on the Authority’s website at [www.nwleics.gov.uk](http://www.nwleics.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 proposed final fee for the 2016/17 audit of North West Leicestershire District Council was £51,869. This compares to a planned fee of £50,522. The is due to additional work and costs incurred of £1,347 in carrying out the final accounts audit due to inadequate supporting working papers and errors identified in Expenditure and Funding Analysis statement and revaluation of Property, Plant and Equipment.

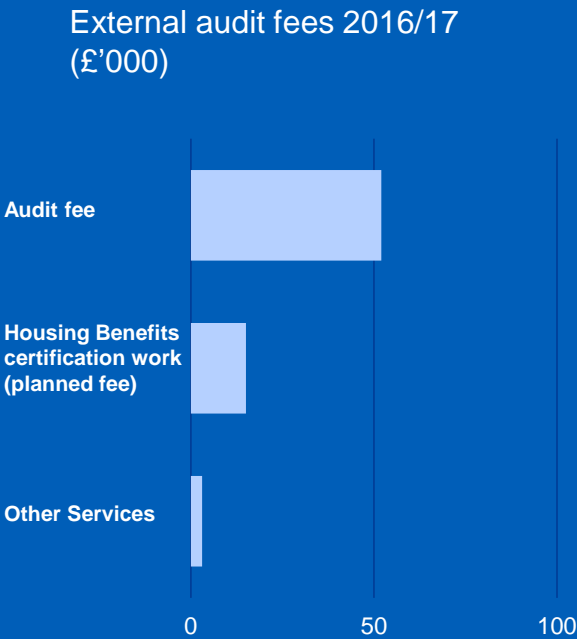
Our fees are still subject to final determination by Public Sector Audit Appointments.

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 charged £3,000 for the certification of the 2015/16 Pooling of Housing Capital Receipts grant claim, which is outside of Public Sector Audit Appointment's certification regime.



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