



Annual Audit Letter 2016/17

Bury Metropolitan Borough Council

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September 2017

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The contacts at KPMG in connection with this report are:

Rashpal Khangura

Director
KPMG LLP (UK)
T: +44 113 231 3396

E: rashpal.khangura@kpmg.co.uk

Jerri Lewis

Manager
KPMG LLP (UK)
T: +44 161 618 7359

E: Jerri.lewis@kpmg.co.uk

Sarah Baferea

Assistant Manager
KPMG LLP (UK)
T: +44 7775817861

E: Sarah.baferea@kpmg.co.uk

Rob Fenton

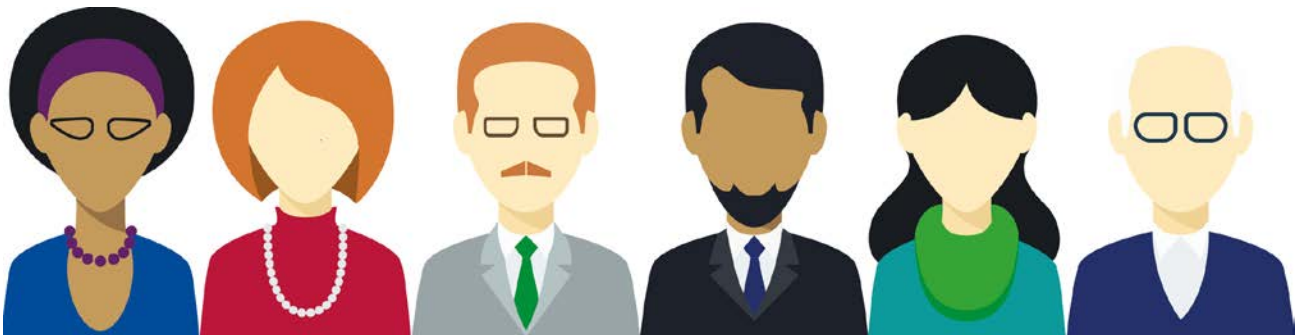
Manager
KPMG LLP (UK)
T: 0161 246 4686

E: Robert.fenton@kpmg.co.uk

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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.

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Section one

Summary

This Annual Audit Letter summarises the outcome from our audit work at Bury Metropolitan 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 28th July 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:

1. Financial standing: The Authority are under great pressure to meet their financial targets with an ever reducing budget. There is a risk the Authority do not have the appropriate arrangements in place to deliver the required savings putting increasing pressure on the reserve balances in the future.

We reviewed the 2017/18 and 2018/19 savings plans to see how well developed they are. We also considered whether an appropriate governance structure exists to manage this process effectively to support informed decision making.

In summary, whilst we are satisfied for 2016/17 that the Authority has adequate arrangements in place to secure value for money, the financial position of the Authority should be closely monitored and appropriate action should continue to be taken to address overspends going forward.

2. Ofsted report: Findings of an Ofsted inspection of Bury Council Children's Services was presented to Overview and Scrutiny in June 2016. The inspection found that there were no widespread or serious failings that may result in or leave children being harmed or at risk of harm. However, the report included eleven recommendations to assist the Authority in preparing an action plan to ensure all services to children and young people are rated 'good' or 'outstanding'. There is a risk the Authority does not have appropriate arrangements in place to ensure delivery against the action plan, failure of which could impact performance and reputation.

We met with key senior officers and assessed what processes have been put in place to manage the delivery of the action plan including how the Authority monitors performance against it. We are satisfied that there are adequate arrangements in place in respect of this risk to secure value for money.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 28th July 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 did not identify any material misstatements, however a number of presentational adjustments were required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code').

The Authority have been working to earlier close downs for a number of years and therefore are well placed for earlier statutory close down next year. The Authority's process for preparing the accounts is well structured. We did not find any quality issues in relation to the working papers. There is an opportunity for improvements to be made in providing breakdown and audit trail of underlying transactions which will be reflected in next year's prepared by client protocol.

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

We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.

Certificate

We issued our certificate on 28th 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

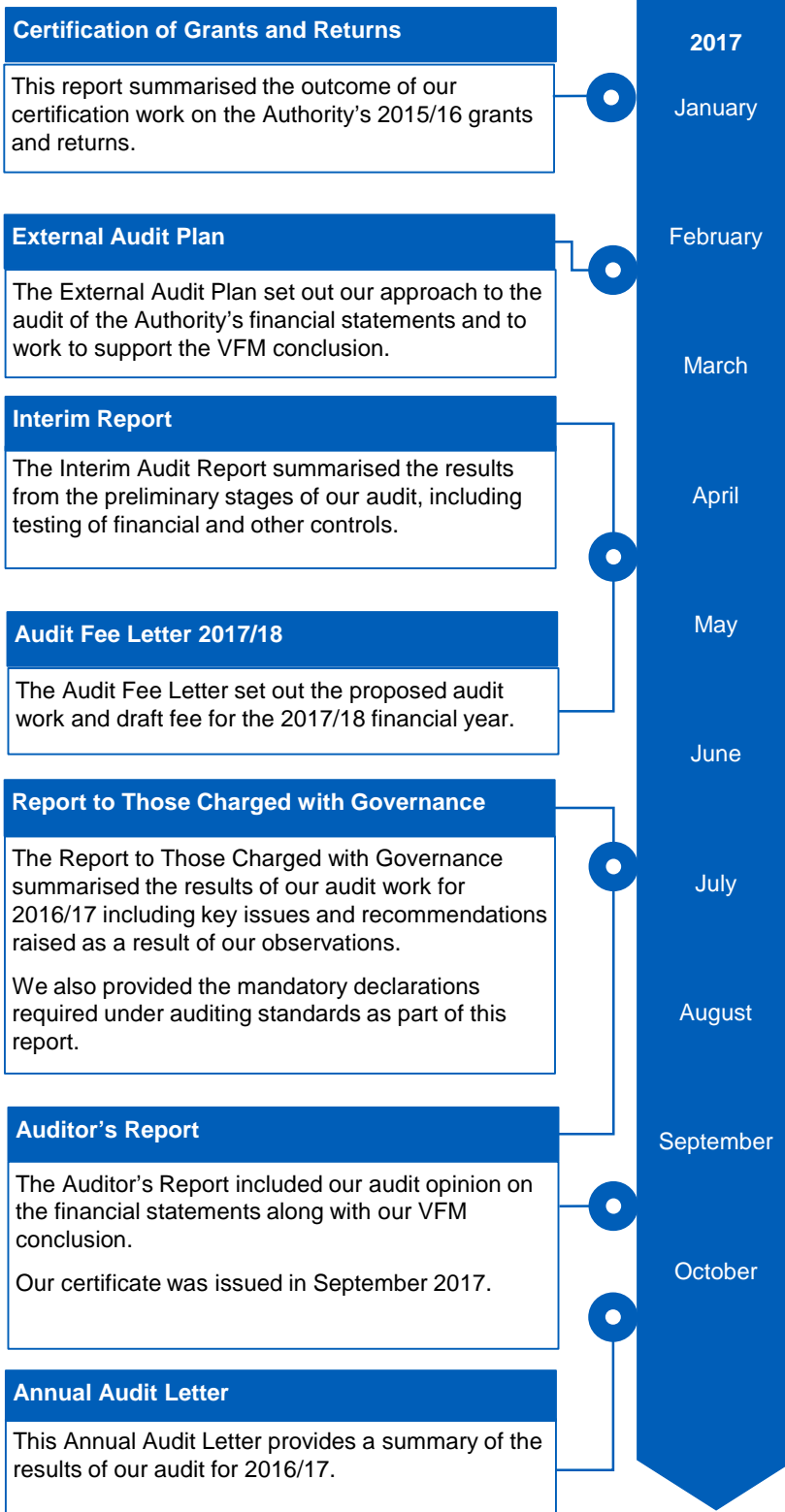
Our fee for 2016/17 was £119,273, excluding VAT, which includes a fee variation ratified by the PSAA of £2,543 as a result of the extra work required following two new system upgrades at the Authority in 2016/17. Further detail is contained in Appendix 2.

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 Authority's website at www.bury.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 the Authority was £119,273. This compares to a planned fee of £116,730. The reasons for this variance are:

- an increased fee for the audit of the financial statements reflecting additional costs as a result of two new system upgrades implemented by the Authority in 2016/17.

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 planned scale fee is £8,483 and the final fee will be confirmed through our reporting on the outcome of that work in January 2018.

Other services

In 2016/17 we charged £5,500 for additional audit-related services for the certification of the Teachers' Pensions Return and the Pooling of Capital Receipts Return which are outside of Public Sector Audit Appointment's certification regime.

We also charged £2,500 for VAT advice. This work was not related to our responsibilities under the Code of Audit Practice.

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