

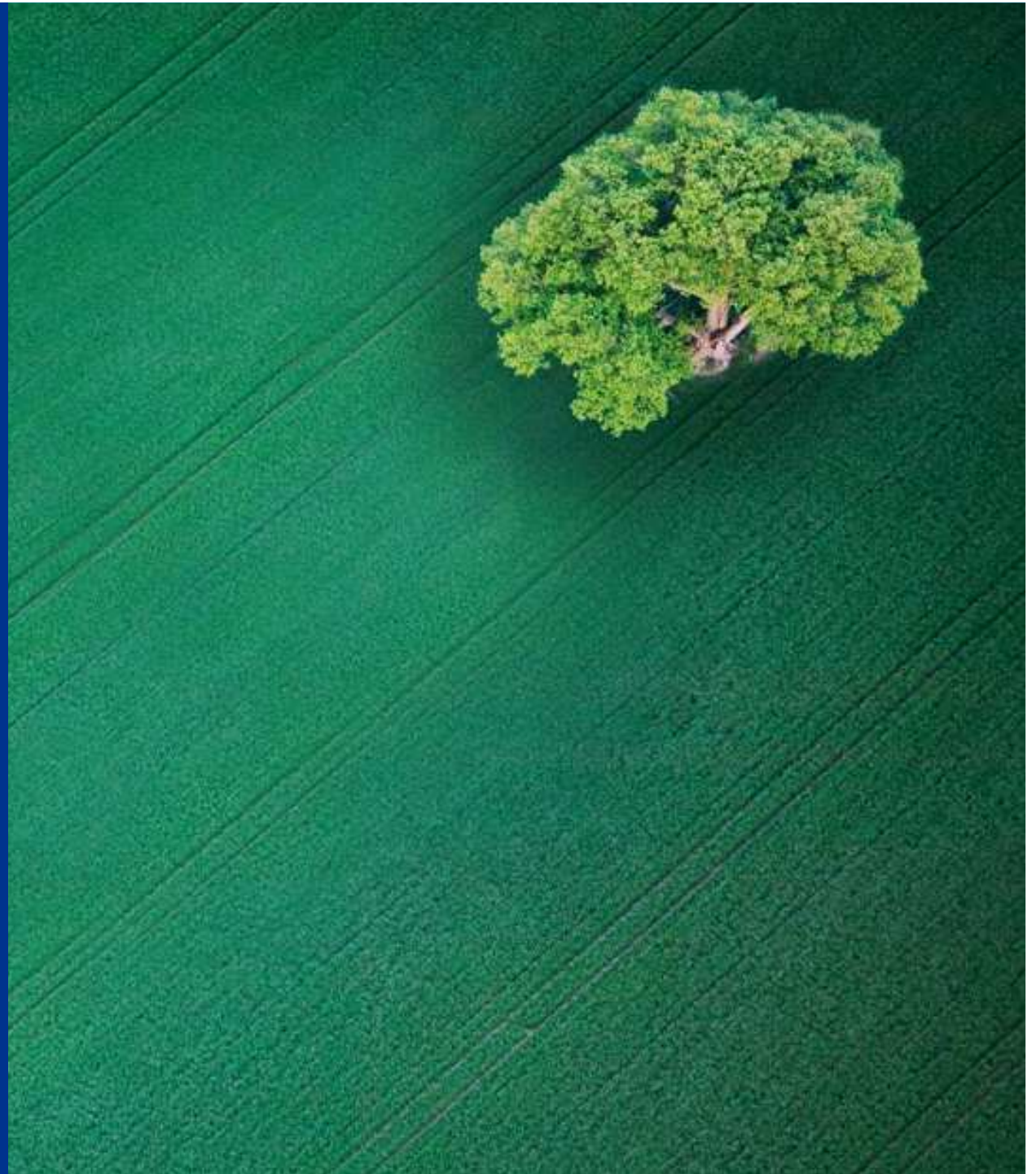


# Annual Audit Letter 2016/17

**West Berkshire 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 Ian Pennington, 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.



**Section one**

# Headlines

This Annual Audit Letter summarises the outcome from our audit work at West Berkshire 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.

<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 27 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.</p> <p>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.</p>
<b>VFM risk areas</b>	<p>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.</p> <p>Our work did not identify any significant matters. We did however comment that:</p> <ul style="list-style-type: none"> <li>• The Authority is planning to invest up to £50 million in commercial and residential property (by the end of 2018) to generate new income streams. This is a route being taken by a significant number of local authorities and specific governance arrangements have been put in place. We have supplied the Head of Finance and Property with some general comments as to what steps the Authority needs to consider when going through key decision-making steps, and specific comments about the risks or making investments outside the Authority's geographical area.</li> <li>• Although the Authority's financial position remains challenging, there is a balanced budget for 2017/18 and plans are being made to deal with the gap identified for 2018/19 and 2019/20. The Authority's budget also includes capital investment to ensure that core assets are maintained and protected. The Authority has reviewed its reserves to ensure they are sufficient for the Authority to deliver services and take appropriate risks in amending service delivery models without impacting on the financial viability of the organisation.</li> </ul> <p>We will monitor the Authority's progress in both of the above areas as part of our 2017/18 audit.</p>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on the Authority's financial statements on 27 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.</p>
<b>Financial statements audit</b>	<p>Our audit identified one audit adjustment with a total value of £4.6 million, although there was no impact on the Authority's usable reserves of General Fund balance. The adjustment was caused by the investment property revaluation balance containing upwards revaluations related to assets contained in the valuation report but not owned by the Authority.</p> <p>We did not identify any other significant matters as part of our audit of the financial statements.</p>



## Section one

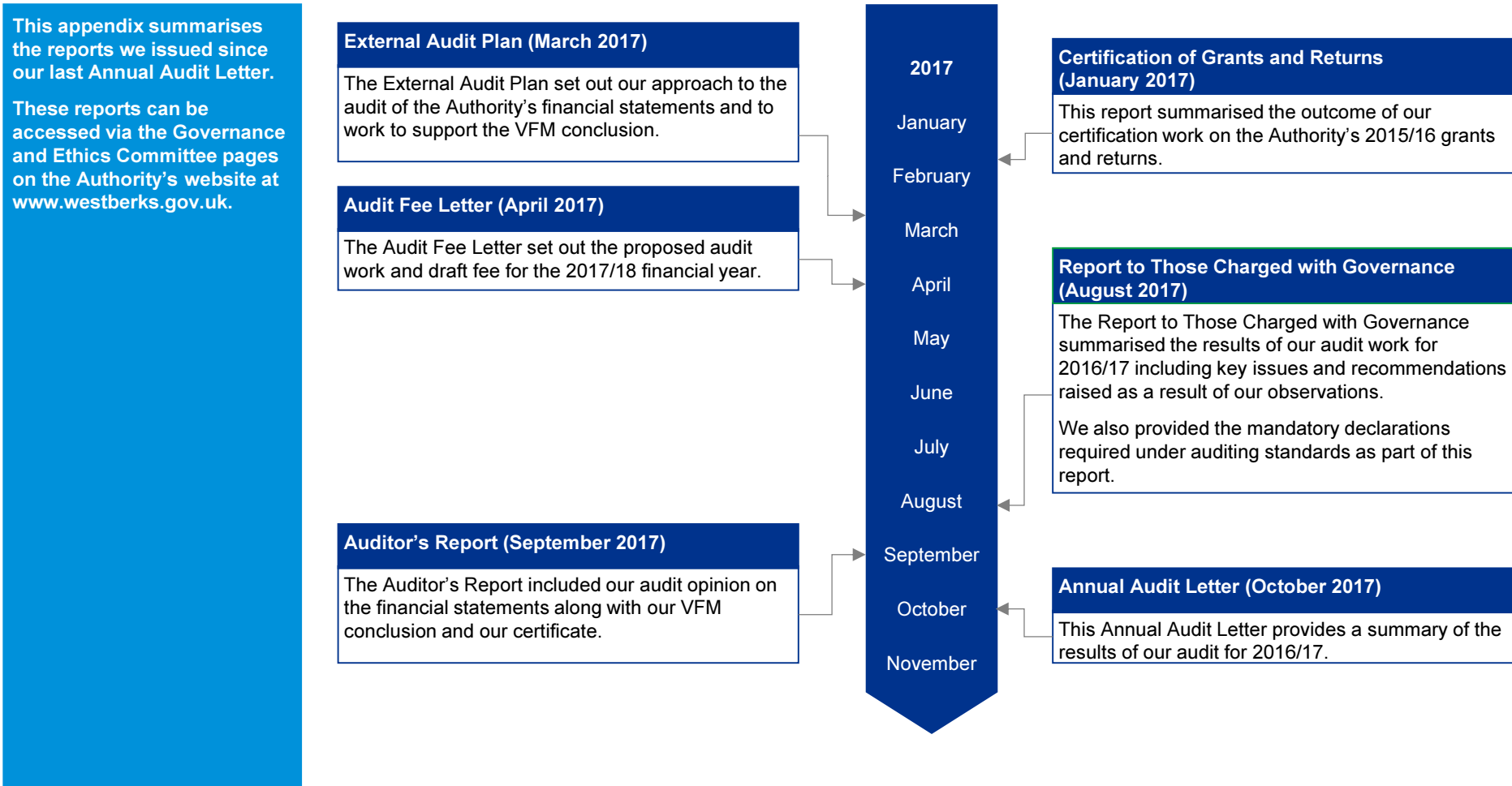
# Headlines (cont)

<p><b>We have issued our certificate to confirm the completion of our audit responsibilities for the 2016/17 audit year.</b></p>	<p><b>Other information accompanying the financial statements</b></p>	<p>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.</p>
	<p><b>Whole of Government Accounts</b></p>	<p>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.</p>
	<p><b>High priority recommendations</b></p>	<p>We raised no high priority recommendations as a result of our 2016/17 audit work. We did identify three medium priority recommendations in the following areas:</p> <ul style="list-style-type: none"> <li>— Asset valuation report: ensuring that the report is reviewed by interested and informed parties within the Authority to ensure it is complete and accurate;</li> <li>— Valuation instructions: ensure only owned assets are included and consider the best approach to obtaining assurance about the useful lives of Authority owned buildings; and</li> <li>— User accounts for the General Ledger: ensuring that there is a regular check to ensure all staff who have left have had their user account closed.</li> </ul> <p>We will formally follow up these recommendations as part of our 2017/18 work.</p>
	<p><b>Certificate</b></p>	<p>We issued our certificate on 27 September 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit &amp; Accountability Act 2014 and the Code of Audit Practice.</p>
	<p><b>Audit fee</b></p>	<p>Our fee for 2016/17 was £96,653, excluding VAT. This was the same as the planned fee and the fee for the previous year. Further detail is contained in Appendix 2.</p>



## Appendices

# Appendix 1: Summary of reports issued



## Appendices

# 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 £96,653, which 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. The scale fee for this work is £12,391 and has been set by Public Sector Audit Appointments. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2018.

### Other services

We expect to charge £3,300 for additional audit-related services for the certification of the Teachers' Pensions grant claim which is outside of Public Sector Audit Appointment's certification regime. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2018.



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