



# Annual Audit Letter 2016/17

## Doncaster Metropolitan Borough Council

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October 2017

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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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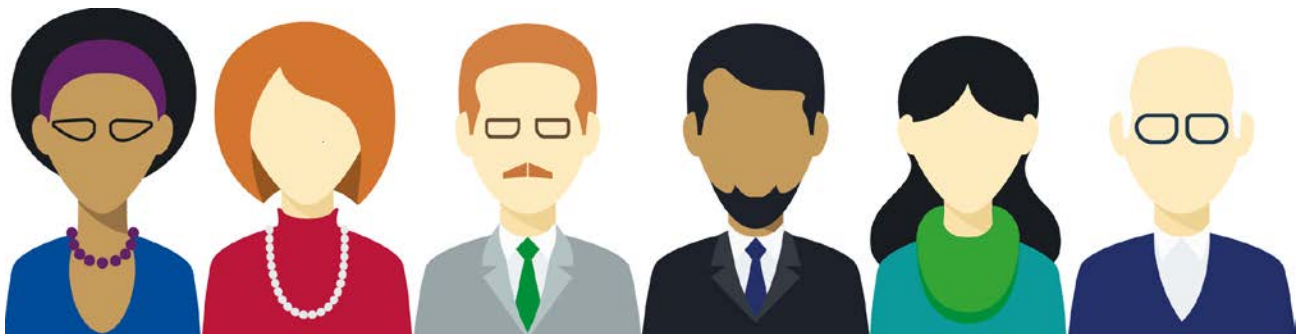
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## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at Doncaster MBC 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 07 August 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:

- We noted that the Finance & Performance Improvement Report for Q2 showed an overspend of circa £4m, of which £3.2m related to the Children's Services Trust. There is a risk that there is insufficient governance of the contract with the independent provider (Children's Services Trust) to verify that the payments deliver value for money; and
- There are a number of ongoing contract breaches and waivers occurring within the Adults, Health and Wellbeing Directorate. As noted within the internal audit annual report it has not always been clear as to the reasons for these breaches although it is clear that many are linked to a need for a revised strategy for the future provision of services. There is a risk that contract breaches and commissioning arrangements do not offer value for money to the Council and are not part of a wider more informed strategy.

### Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 07 August 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 identified a number of audit adjustments, notably the need to prepare consolidated accounts. We note that this area was identified as a potential change by the Council ahead of accounts production and was discussed in detail with ourselves. The remainder of the adjustments were largely presentational with no impact upon the primary statements and reserve balances.

Based on our work, we raised 4 recommendations. None of these were classed as high priority.

The 2 medium rated recommendations raised related to the following areas:

We recommended that the Council put into place additional processes with regards to the review and standardisation of valuation certificates when valuing assets held by the Council.

We recommended the Council reviewed the processes and procedures in place with regards to the processing of changes to data on key IT systems. This included a review of access rights and key control parameters such as passwords. Our audit work did not identify any abuse of any weaknesses identified.

Management accepted all recommendations and outlined an appropriate action plan.

### 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.

### High priority recommendations

We raised no high priority recommendations as a result of our 2016/17 audit work.

### Certificate

We issued our certificate on 28 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 £164,844.00, excluding VAT. 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 pages on the Authority's website at [www.doncaster.gov.uk](http://www.doncaster.gov.uk).



**External Audit Report  
2016/17**

**Auditor's Report**

The Auditor's Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

**Annual Audit Letter**

This Annual Audit Letter provides a summary of the results of our audit for 2016/17.

May

Jun

Jul

Aug

Sep

Oct

Nov

**Report(s) to Those Charged with  
Governance**

The Report to Those Charged with Governance summarised the results of our audit work for 2016/17 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

## 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 Doncaster Metropolitan Borough Council was £164,844.00, 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. This certification work is still ongoing. The planned fee for this work is £25,035. The final fee will be confirmed through our reporting on the outcome of that work in January 2018.

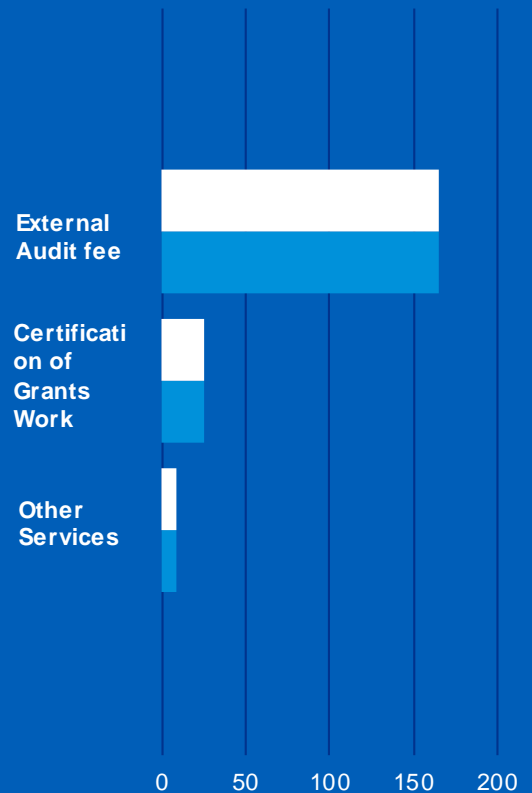
### Other services

We charged the following additional fees for other services not related to our responsibilities under the *Code of Audit Practice*:

- £3,000 for work to provide assurance on the Authority's 2015/16 Teacher Training return as required by the National College for Teaching and Leadership; and
- £3,250 for work to provide assurance on the Authority's Teachers' Pensions return for the year ended 31 March 2017 as required by the Teachers' Pensions Authority.
- £2,750 for work to provide assurance on the Authority's 2015/16 Pooling Capital Receipts return.

These grants / returns are outside of the Public Sector Audit Appointment's certification regime.

External audit fees 2016/17  
(£'000)



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