

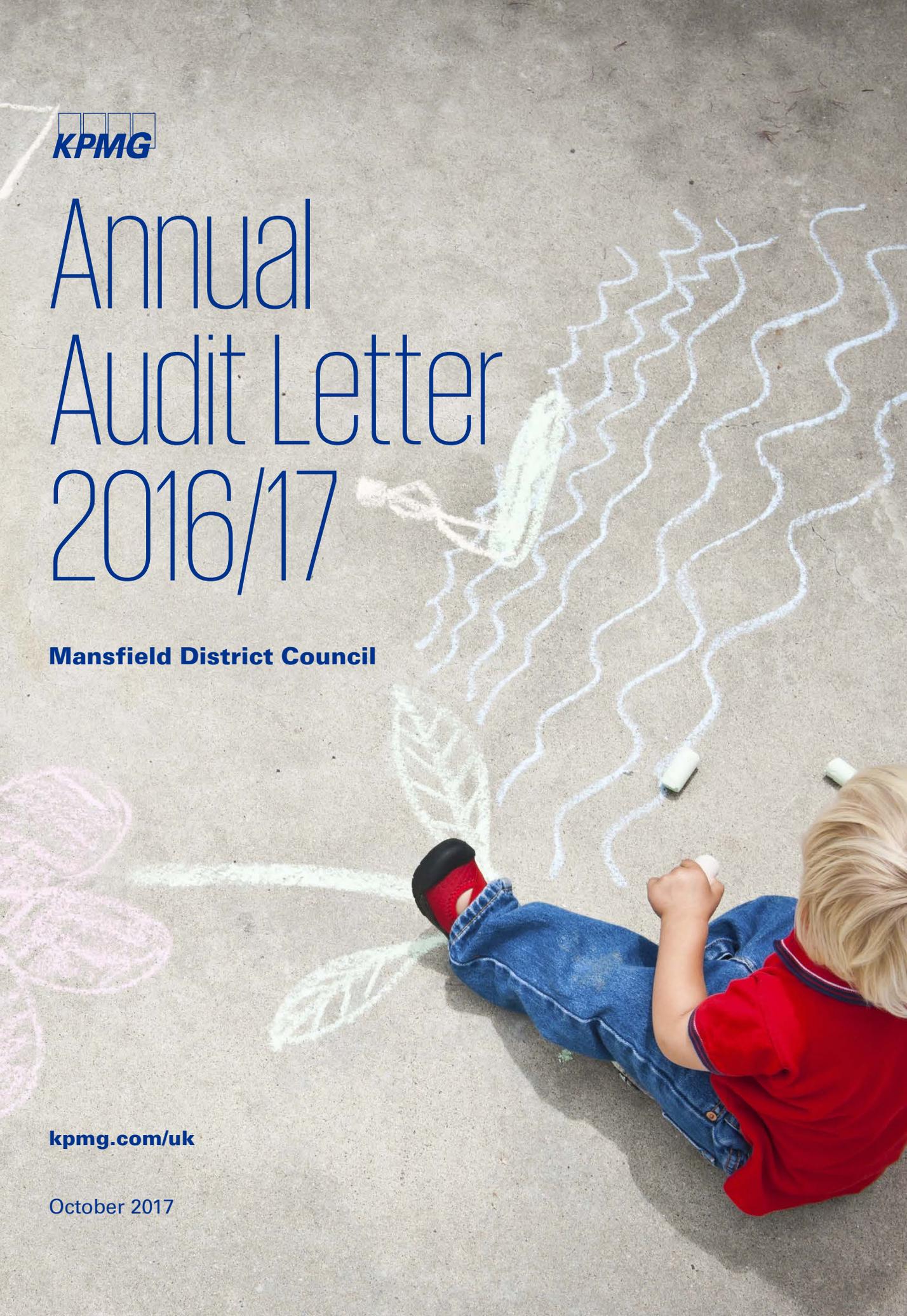


Annual Audit Letter 2016/17

Mansfield District Council

kpmg.com/uk

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.psa.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.

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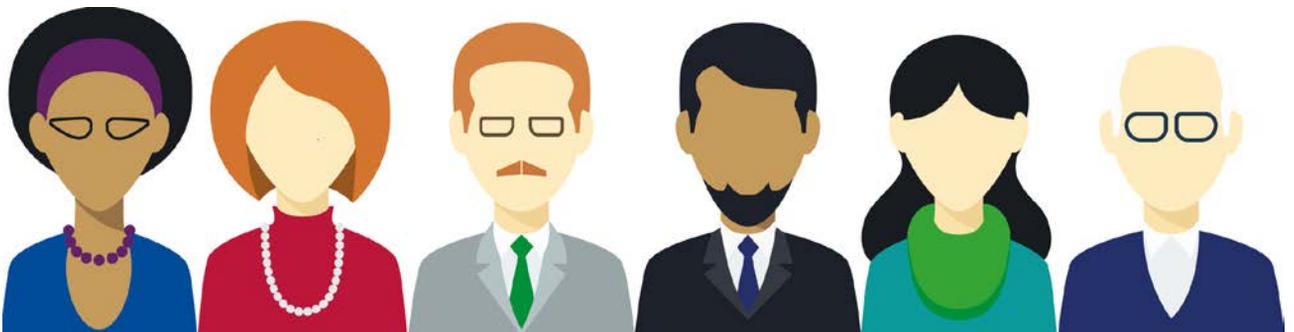
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Summary

This Annual Audit Letter summarises the outcome from our audit work at Mansfield 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 conclusion) for 2016/17 on 31 July 2017. Our VFM conclusion 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 area

We undertook a risk assessment as part of our VFM audit work to identify the key area impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified that the Authority's financial resilience in the local and national economy is a significant VFM risk. Given the current uncertainty in the local government environment and significant cost pressures, there is a risk that the Authority is unable to achieve its Medium Term Financial Strategy (MTFS) and Business Strategy. Our work considered the Authority's MTFS and assumptions made about its medium-term outlook. We reviewed arrangements in place to manage and deliver financial savings via discussions with Officers and reviewing individual savings plans. For 2016/17, the Authority reported an overspend of £626,000 which has been met by reserves. Looking ahead, the Authority is targeting a 10% savings target within its Change for the Future programme. As such, we deem that the Authority has appropriate arrangements in place to secure VFM; nonetheless significant challenges remain for the Authority.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 31 July 2017, two month ahead of the statutory deadline. This places the Authority in an good position to achieve the earlier deadline in 2017/18.

Our unqualified audit opinion 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.



Headlines

Financial statements audit

Audit adjustments

We did not identify significant audit misstatements. We identified a number of audit misstatements which did not have a material effect on the financial statements, some of which have been adjusted.

Financial statements audit process

The Authority recognises additional pressures which the earlier closedown in 2017/18 will bring. We have actively engaged with the Authority during the year to proactively address issues as they emerge. We are pleased to report that the Authority has strengthened its financial reporting by finalising the accounts in a shorter timescale.

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. We reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues. Nonetheless there are minor improvement points which we have communicated to the Authority.

Whole of Government Accounts

The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. 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 have not raised any high-priority recommendations as a result of our 2016/17 audit work. Below is a summary of the recommendations raised in year and outstanding recommendations from the prior year.

Recommendations summary			
Priority	Outstanding from prior years	Raised for 2016/17	Total
High	–	–	–
Medium	–	3	3
Low	1	2	3
Total	1	5	6

We will formally follow up these recommendations as part of our 2017/18 work.

Certificate

We issued our certificate on 31 July 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

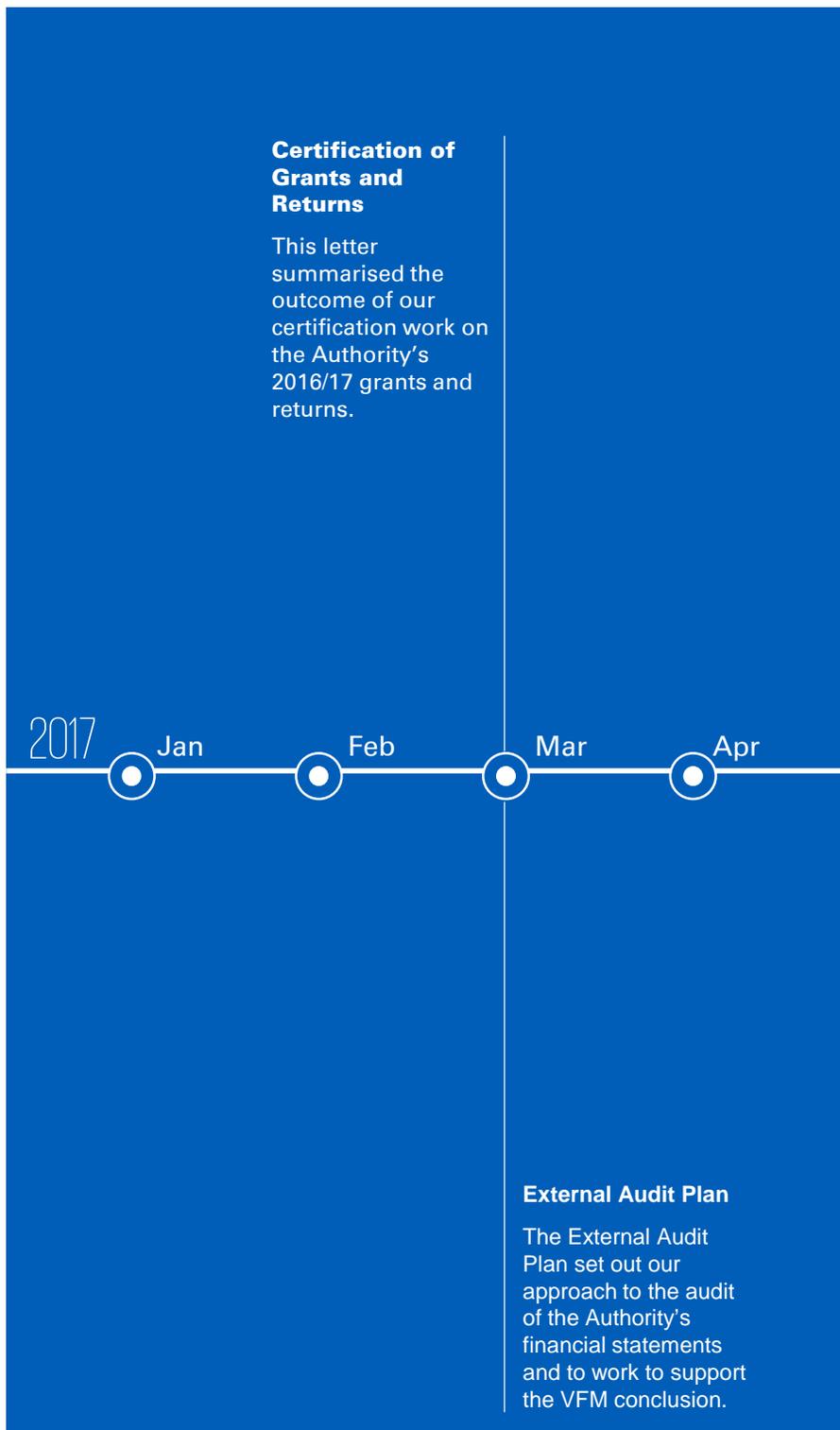
Our PSAA scale fee for 2016/17 was £54,540, excluding VAT. This is consistent with the prior year. However we have proposed an additional fee predominantly due to additional work undertaken in relation to the CIES restatement and the triennial pension revaluation in relation to the Mansfield Crematorium. Further detail is contained in Appendix 3.

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.mansfield.gov.uk.



Certification of Grants and Returns

This letter summarised the outcome of our certification work on the Authority's 2016/17 grants and returns.

External Audit Plan

The External Audit Plan set out our approach to the audit of the Authority's financial statements and to work to support the VFM conclusion.

External Audit Report 2016/17 (ISA 260)

This 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.

Auditor's Report

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

May

Jun

Jul

Aug

Sep

Oct

Nov

Annual Audit Letter

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

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 fee for the 2016/17 audit Mansfield District Council is £59,462. This compares to a planned fee of £54,540. The reasons for this variance are:

- an increased fee for the audit of the financial statements reflecting additional costs of £728 incurred in carrying out work over the Authority's journals over and above our initial estimate. This additional fee has been approved by the Public Sector Audit Appointment (PSAA);
- additional work, which was not allowed for in our initial plan, namely a review of the pensions arrangements and figures associated with the Mansfield Crematorium (£2,430) and the review of the CIES restatement process (£1,764). These are still subject to PSAA determination.

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, with a PSAA scale fee of £6,068. The final fee will be confirmed through our reporting on the outcome of that work early 2018.

Other services

We have proposed a fee of £3,500 for additional audit-related services for the certification of the Pooling of Housing Capital Receipts (CFB06) return, which is outside of Public Sector Audit Appointment's certification regime.

We did not perform other non-audit related services.

Fees 2016/17 (£'000)



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