



Annual Audit Letter 2016/17

Dorset County Council

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October 2017

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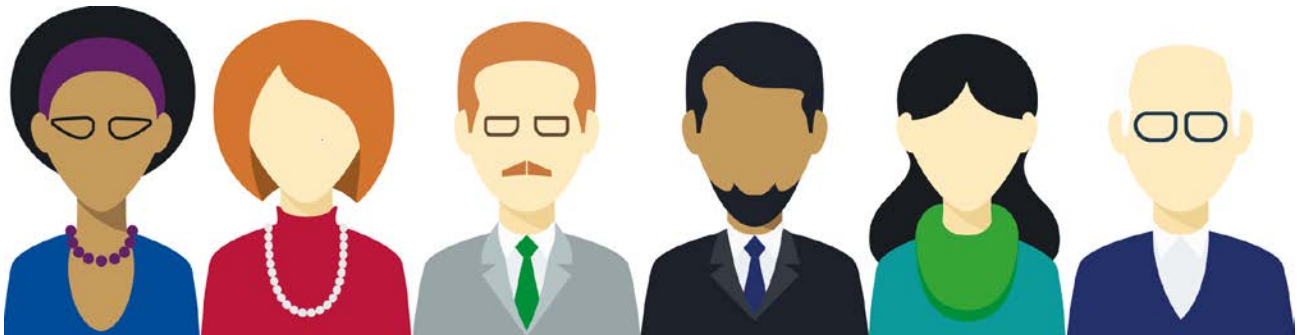
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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued 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).

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 Darren Gilbert, 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.



Section one

Summary

This Annual Audit Letter summarises the outcome from our audit work at Dorset County 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 24 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 addressed the following significant risk areas as part of the audit:

- Like most of local government, the Authority faces a challenging future driven by funding reductions and an increase in demand for services. Due to these pressures on local authorities, extensive cost cutting measures have been implemented to allow the Authority to operate within its means. Discussions were held with key finance staff in order to develop our understanding of the processes and methods in place for producing budgets going forward and identifying areas of potential efficiency savings. We then reviewed the methods for identification of savings targets and actions plans in place to achieve these targets, as well as the ongoing monitoring of performance at a department and cabinet level. Overall, despite the significant financial challenges facing the Authority, it was concluded that there are appropriate arrangements in place to ensure it takes properly informed decisions in relation to identifying future savings and planning for changes in funding arrangements.
- In the year ended 31 March 2017, there was an overspend of £6.1m in Children Services. Discussions were held with the Children's Services manager over the issues encountered by the department including both the quality aspects and financial issues leading to overspends. Action plans in place to overcome the overspend and to improve quality of service were obtained to confirm that the Authority has recognised these issues and plans are in place for the service to operate within budget and provide a suitable quality of service. The Authority had identified the areas of overspend and had come up with plans to address these areas. Overall, it was concluded that the Authority has reasonable arrangements in place to ensure it takes properly informed decisions over the actions required to deliver on both cost saving measures and quality improvement plans.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 24 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. The financial statements also include those of the pension fund.

Section one

Financial statements audit

We did not identify any material misstatements from the audit, however we identified a small number of presentational and disclosure amendments 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').

One medium priority and one low priority recommendation were identified as part of the audit and communicated to management and those charged with governance. Appropriate action plans have been put in place by the Authority to address the recommendations raised.

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.

Pension fund audit

There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report.

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 24 October 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

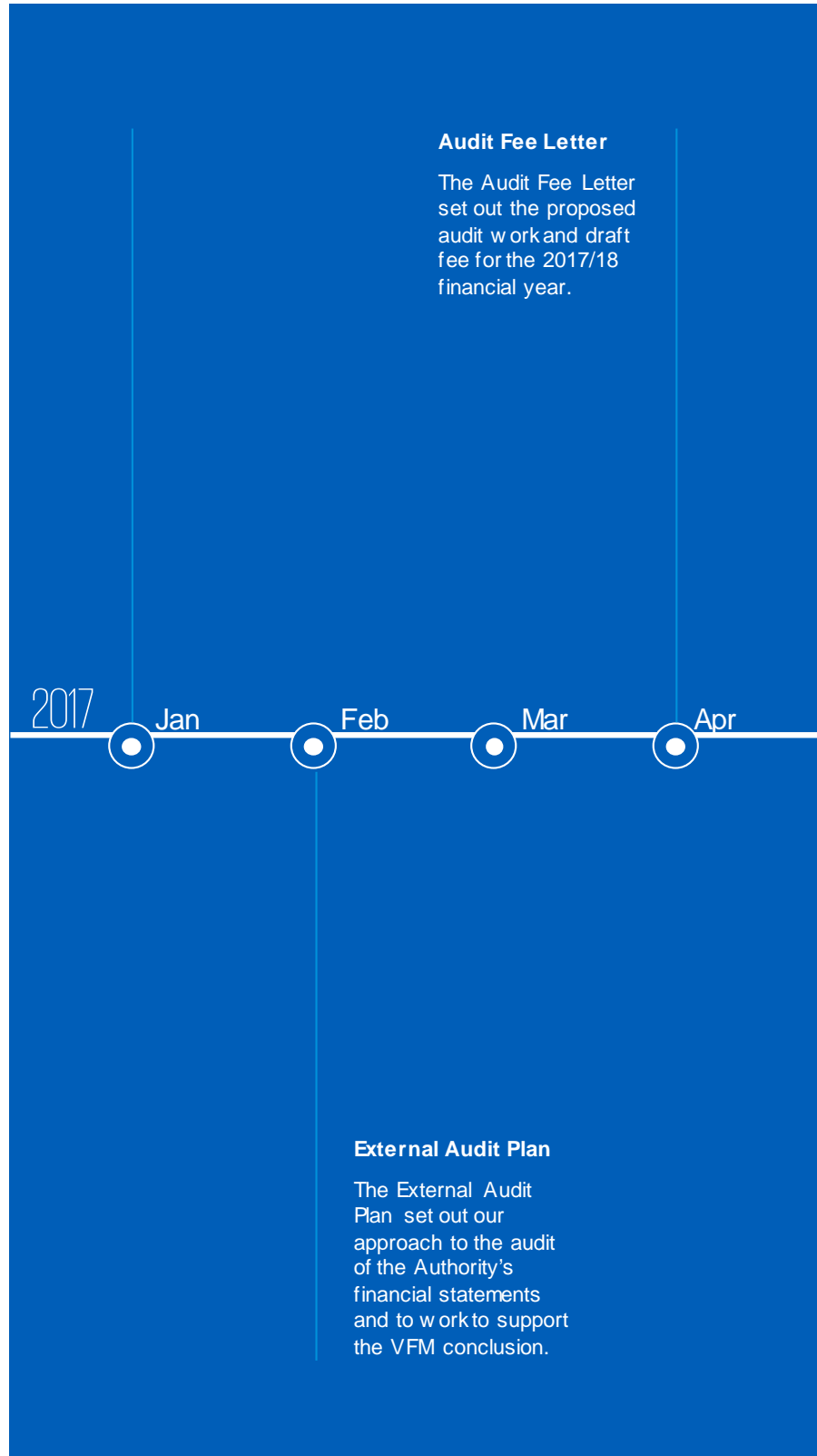
Our fee for 2016/17 for the Authority was £74,022, excluding VAT and for the Pension Fund was £27,373. This compares to a planned fee of £74,022 and £25,146 respectively for the Authority and Pension Fund. The variation from the planned fee for the Pension Fund relates to additional work carried out on behalf of Admitted Bodies within the Pension Fund as part of the audit process. Further detail is contained in Appendix 2.

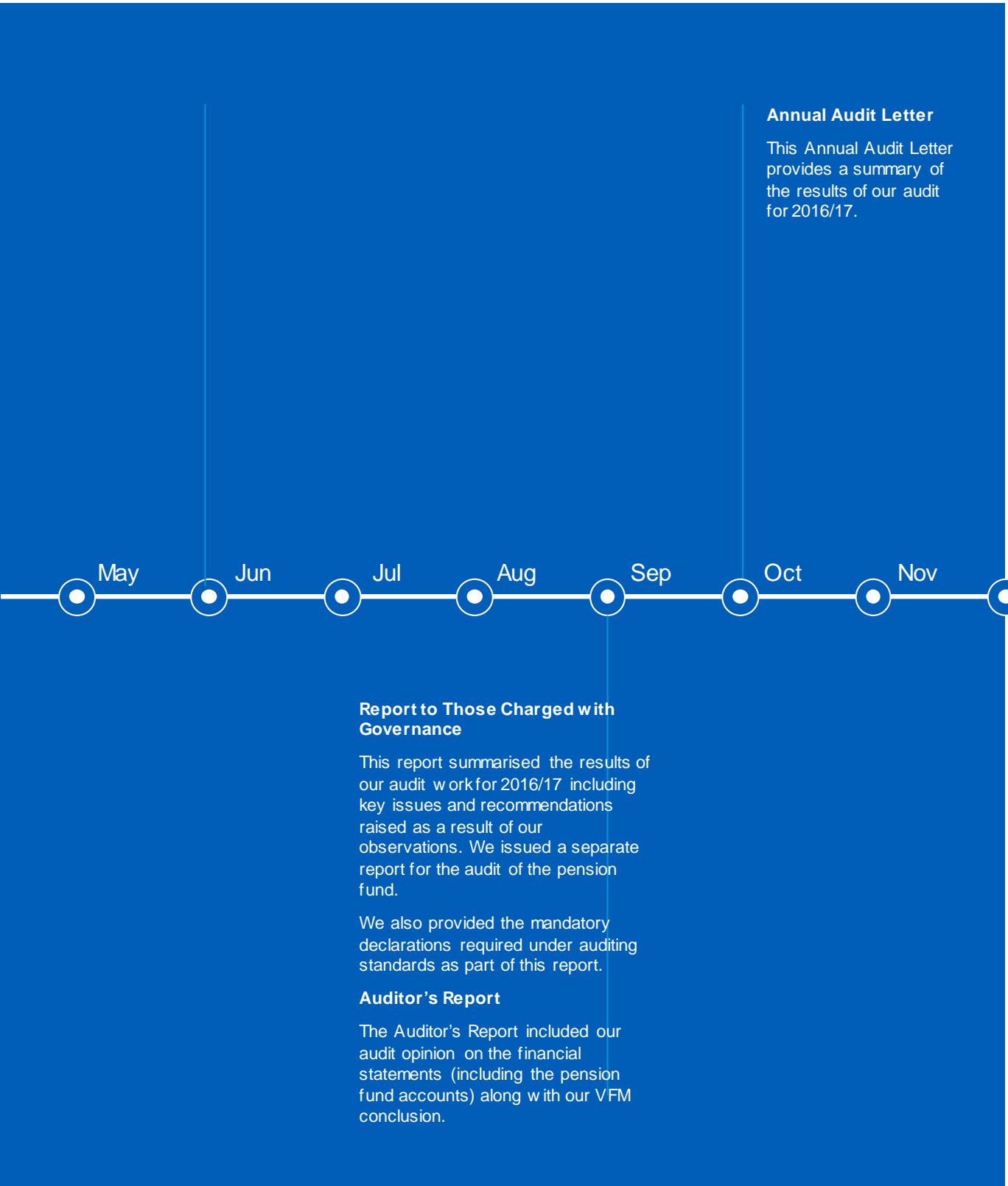
Appendix 1

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.dorset.moderngov.co.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 £74,022, which is in line with the planned fee.

Our final fee for the 2016/17 audit of the Pension Fund was £27,373 against a planned fee of £25,146. As in previous years, we have been requested to carry out additional work on the Pension Fund by the auditors of a number of admitted bodies to the scheme. The Pension Fund is able to recharge these costs back to the admitted bodies. Our fee for this additional work is £2,227 and is subject to approval by Public Sector Audit Appointments Ltd.

Other services

A fee of £3.5k has been budgeted for the year ended 31 March 2017 (£3.5k for the year ended 31 March 2016) in relation to the Teachers Pension Audit for the Authority. This work is due to be completed in November 2017.

External audit fees 2016/17
(£'000)



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