



# Annual Audit Letter 2015/16

**Blackpool Council**

—

October 2016



# Contents

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## Page

### Report sections

— Headlines 3

### Appendices

1. Summary of reports issued 5

2. Audit fees 6

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 Timothy Cutler, 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.

This Annual Audit Letter summarises the outcome from our audit work at Blackpool Council in relation to the 2015/16 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.

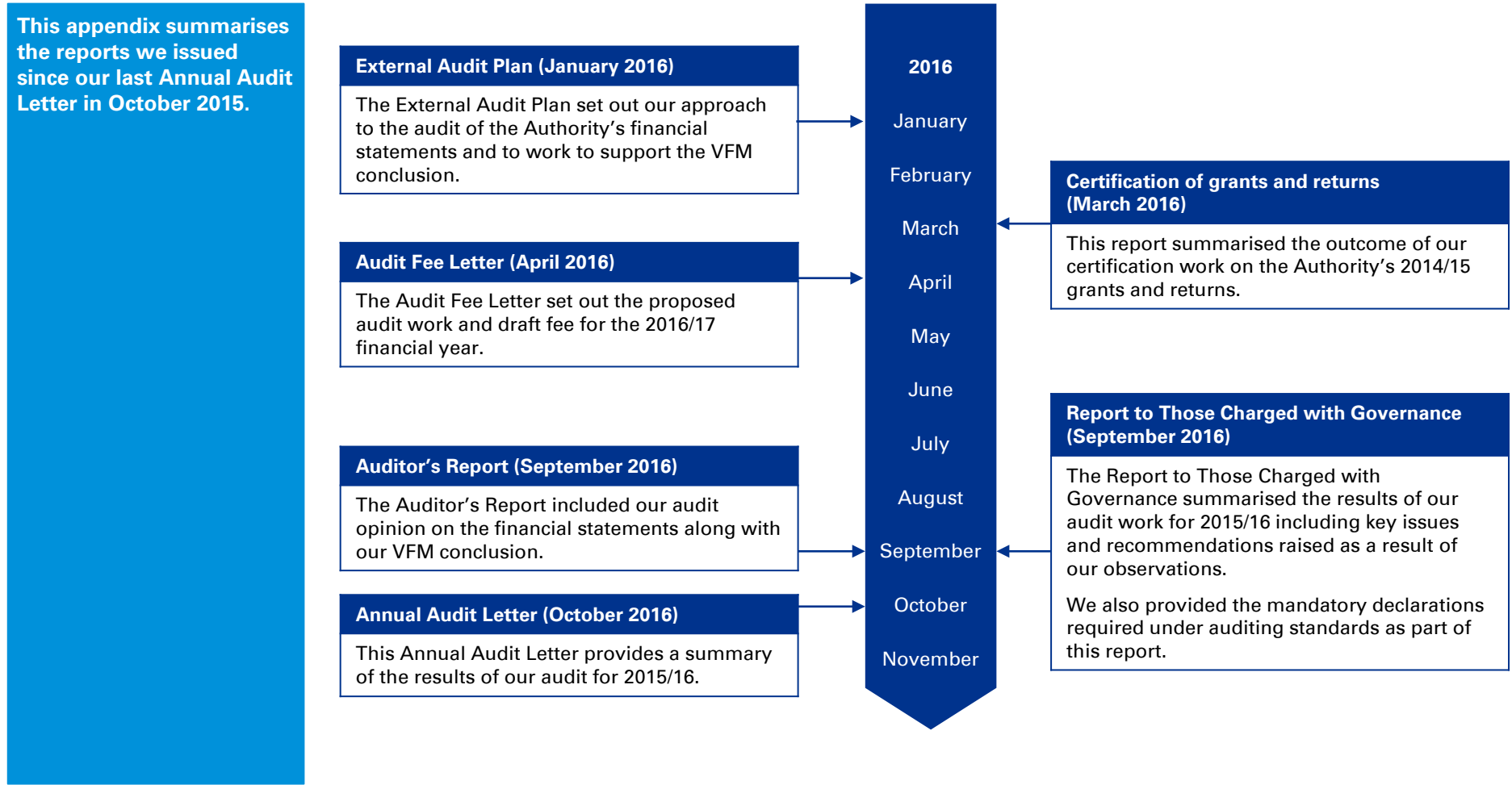
<p><b>Audit opinion</b></p>	<p>We issued an unqualified opinion on the Authority's financial statements on 29 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the Authority's Group, which consists of the Authority itself and its subsidiary companies. We deemed Blackpool Transport Services Limited, Blackpool Entertainment Company Limited and Blackpool Operating Company Limited to be significant components of the Group for audit purposes.</p>
<p><b>Financial statements audit</b></p>	<p>Our audit did not identify any material adjustments. We did identify a small number of issues that have been adjusted by management as they do not have a significant effect on the financial statements.</p> <p>In addition, we identified a small number of presentational adjustments required to ensure that the accounts are compliant with the <i>Code of Practice on Local Authority Accounting in the United Kingdom 2015/16</i> ('the Code'). We understand that the Authority addressed these where significant.</p>
<p><b>VFM conclusion</b></p>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 29 September 2016. 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>
<p><b>VFM risk area</b></p>	<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 identified the following significant matter:</p> <ul style="list-style-type: none"> <li>— <b>Financial resilience:</b> The Authority's medium term financial plan covers the period to 2021/22. It identifies the funding sources available to the Authority each financial year, the cost base brought forward from the previous year, and the inflationary pressures on this cost base. The assumptions driving this element of the plan were reviewed, and considered to be reasonable.</li> </ul>

# Headlines (cont.)

**We have issued our certificate to confirm the completion of our audit responsibilities for the 2015/16 audit year.**

<b>VFM risk area (cont.)</b>	<p>The other significant element of the plan is the annual required savings, that reduce the annual costs facing the Authority and bring the expenditure for the year into balance with the funding available. These savings requirements were £14.6 million in 2017/18, £4.8 million in 2018/19, and total £34.9 million by 2021/22. The Authority has delivered 100% of its savings plans for 2015/16, and has firm plans in place to deliver 100% of the 2016/17 savings requirements as well. These are also on schedule to be delivered.</p> <p>On this basis, we believe that the Authority’s plans demonstrate that appropriate arrangements are in place to deliver value for money.</p>
<b>Other information accompanying the financial statements</b>	<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>
<b>Whole of Government Accounts</b>	<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>
<b>Audit recommendations</b>	<p>We raised no recommendations as a result of our 2015/16 audit work.</p>
<b>Certificate</b>	<p>We issued our certificate on 19 October 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit &amp; Accountability Act 2014 and the Code of Audit Practice.</p>
<b>Audit fee</b>	<p>Our fee for 2015/16 was £110,153, excluding VAT. This is consistent with the planned fee notified to you in April 2015. Further detail is contained in Appendix 2.</p>

# Appendix 1: Summary of reports issued



# Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

### External audit

Our final fee for the 2015/16 audit of the Authority was £110,153, 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 final fee will be confirmed through our reporting on the outcome of that work in January 2017.

### Other services

We are currently completing a number of certifications for grant claims and reports that fall outside of the Public Sector Audit Appointment's certification regime. Details will be given in our *Certification of grants and returns report* in January 2017.

We have also engaged with Blackpool Transport Services to provide various tax advice and compliance services; the value of the contracts awarded since the last Annual audit letter was issued in October 2015 are £20,150 excluding VAT, although certain of these services run for up to a three year period. This work was not related to our responsibilities under the Code of Audit Practice.





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