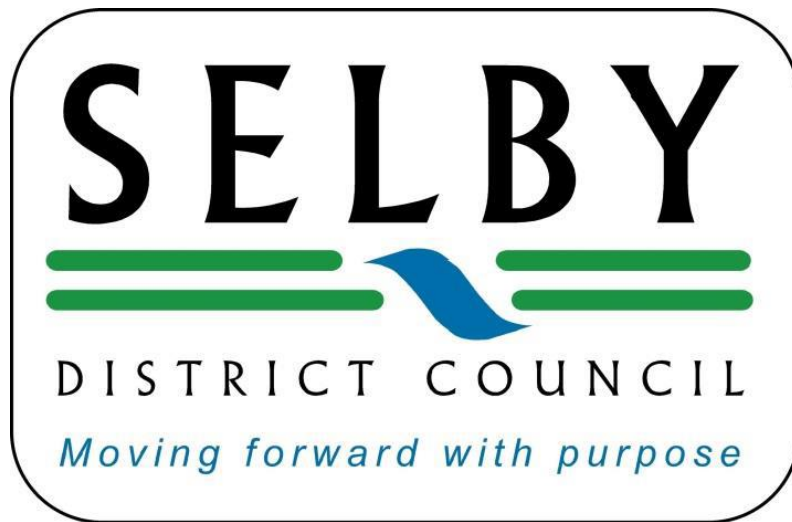


Audit Completion Report

Selby District Council



For the year ended 31 March 2017



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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

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1. Executive summary

Purpose of this report

The Audit Completion Report sets out the findings of our audit of Selby District Council (the Council) for the year ended 31 March 2017, and forms the basis for discussion at the Audit and Governance Committee meeting on 26 July 2017.

The scope of our work and overall summary

The detailed scope of our work as your appointed auditor for 2016/17 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and include the matters outlined in the following table.

Financial statements	<p>In our Audit Strategy Memorandum we reported that materiality for the financial statements as a whole was set at £775k. We have updated our assessment as part of our continuous planning processes and have set materiality at £788k. Our clearly trivial threshold for reporting matters to you has been set at £24k.</p> <p>We communicated identified significant risks to you as part of our Audit Strategy Memorandum in March 2017. Section 2 of this report outlines the work we have undertaken, and the conclusions we have reached, for each significant risk.</p> <p>At the time of issuing this report, and subject to the satisfactory conclusion of the remaining audit work, we anticipate issuing an unqualified opinion, without modification, on the financial statements. Our draft auditor's report is provided in Appendix C.</p>
Identified misstatements	<p>Our work identified a number of misstatements that have been discussed with management. A summary of the identified misstatements is provided in Appendix A.</p>
Value for Money	<p>At the time of issuing this report, and subject to the satisfactory conclusion of the remaining audit work, we anticipate having no matters to report in respect of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report is provided in Appendix C.</p>
Whole of Government Accounts (WGA)	<p>Our report on your WGA submission, in line with the group instructions issued by the NAO, will record that your activity was below the threshold set by the NAO meaning that we were not required to review the WGA return in detail this year.</p>

The status of our work

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2017.

At the time of preparing this report, there are no significant matters outstanding.

If any subsequent issues arise, we will provide an update to you in a follow up letter prior to giving our opinion.

2. Significant findings

This section sets out the significant findings from our audit and provides information on a number of matters that we are required to report to you by ISA 260 'Communication with those charged with governance'.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we will mitigate these risks. No new risks have been identified since we issued our Audit Strategy Memorandum. The significant risks identified, and our conclusions against each are outlined below.

Significant risk	How we addressed the risk	Audit conclusion
<p>Management override of control</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such overrides could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>We addressed this risk through performing audit work on:</p> <ul style="list-style-type: none">• consideration and review of accounting estimates impacting on amounts included in the financial statements;• consideration and review of any unusual or significant transactions outside the normal course of business; and• journals recorded in the general ledger and other adjustments made in preparation of the financial statements.	<p>Our work on the financial statements did not identify any manipulation of the financial position, and we did not identify any evidence of management override of controls.</p>

Significant risk	How we addressed the risk	Audit conclusion
<p>Pension Entries</p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and include estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	<p>We discussed with key contacts any significant changes to the pension estimates prior to the preparation of the financial statements. In addition to our standard programme of work in this area, we also:</p> <ul style="list-style-type: none"> evaluated the management controls in place to assess the reasonableness of the figures provided by the Actuary; and considered the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally which is commissioned annually by the National Audit Office. 	<p>Our work confirmed that reasonable assumptions had been used by the actuary and the required pension entries have been reflected in your financial statements.</p>

Qualitative aspects of the Council's accounting practices

We are required to communicate to you our views on the significant qualitative aspects of your accounting practices, including the accounting policies used and the quality of disclosures.

Qualitative aspect	Our views
<p>Accounting policies and disclosures</p>	<p>We have reviewed the Council's accounting policies and disclosures and found these to be in line with the requirements of the Code of Practice on Local Authority Accounting (the Code).</p> <p>In line with our expectations, there have been no significant changes to accounting policies for the year ended 31 March 2017.</p>
<p>Quality of the draft financial statements</p>	<p>We received draft financial statements from management on 31 May 2017. The draft financial statements were produced a month earlier than previously, ahead of the statutory requirement to do so for next year's 2017/18 financial statements. This was a considerable achievement by officers. The draft financial statements we received were well presented and of a good standard. It is clear that there has been considerable work performed by the finance team to improve working papers which has aided the audit process for this year.</p>

Qualitative aspect	Our views
Quality of supporting working papers	<p>Producing high-quality working papers is as crucial part of compiling financial statements that are complete and materially accurate. They also support the delivery of an efficient audit.</p> <p>The working papers supporting the financial statements were of a good standard. We are grateful to officers for their assistance in responding to requests for information and in dealing with our queries in a timely and efficient manner.</p>

Significant matters discussed with management

There were no significant matters arising from the audit that required discussion with management.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

3. Internal control recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place that are relevant to the preparation of the financial statements. We do this to design audit procedures that allow us to express an opinion on the financial statements; this does not extend to expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

- **Priority 1 (high)**
There is potential for financial loss, damage to reputation or loss of information. Weaknesses may have implications for the achievement of strategic objectives and our recommendations should be considered immediately by management.
- **Priority 2 (medium)**
There is a need to strengthen internal controls or enhance efficiency. Our recommendations should be actioned in the near future.
- **Priority 3 (low)**
Internal controls should be strengthened where practicable and where there is a cost benefit from doing so.

Other deficiencies in internal control – Priority 2

Valuation of Council dwellings in the balance sheet

Description of deficiency	<p>It has not been possible to agree the number of properties in the housing rents system to the financial asset register. For over 3,000 dwellings, there was a discrepancy of one property between the 2 data sources. For around 400 garages, there was a discrepancy of 10 garages. Officers have confirmed to us that the data in the rents system which is used to manage Council properties is accurate, and this issue relates only to data held in the Fixed Asset Register (FAR).</p> <p>Some errors were made uploading data supplied by the external valuer to the FAR (£191k of discrepancies relating to the classification of property types) which were subsequently corrected.</p>
Potential effects	<p>Although the impact of this issue is not material, it is important to ensure that the correct information is reflected in the financial statements, and ties in to the housing rental system.</p>
Recommendation	<p>The Council should ensure that accurate information is recorded in the FAR, and that this is reconciled to the housing rents system, and checks are made to ensure that data from the valuer is input to the FAR correctly.</p> <p>Timescale - End of December 2017</p>
Management response	<p>We accept the findings of this recommendation. We will put in place further controls to ensure that information on assets held in the Operational Asset Management System, specifically for Council Dwellings and Garages, are more effectively interfaced with the Financial Fixed Asset Register. These measures include prompt reconciliation of the two systems and early preparation of the financial Fixed Asset Register well in advance of 2017/18 financial year end.</p>

Issues previously reported

For completeness, we include below the internal control recommendations identified earlier in the audit and reported to the Audit and Governance Committee in April 2017. We have provided a comment updating Members for the current position on each of these issues.

Issues to address in relation to payroll

Our payroll walkthrough testing highlighted the following issues that management have agreed will be addressed:

Expected key control	Findings and recommendations (and update at July 2017)
The monthly payroll should be authorised by the Head of Service before payroll is run by North Yorkshire County Council (NYCC)	<p>To date in 2016/17, the only authorisation that has been provided is by the HR Officer, who also prepares the payroll. There is no official delegation of authority for the HR Officer to authorise NYCC to run the payroll. Management restructuring may have impacted on the operation of this control.</p> <p>Agreed Action A senior manager will provide the necessary oversight and authorisation for NYCC to perform the payroll run.</p> <p>Updated July 2017 – we understand this recommendation has now been implemented.</p>
Payroll audit reports are produced by NYCC and signed by HR to evidence reasonableness checks	<p>To date in 2016/17, none of the payroll audit reports have been signed off at the appropriate level. Management restructuring may have affected the operation of this control.</p> <p>Agreed Action A senior manager will review and sign payroll audit reports each month on a timely basis.</p> <p>Updated July 2017 – we understand this recommendation has now been implemented.</p>

Expected key control	Findings and recommendations (and updated at July 2017)
Control account reconciliation prepared and suspense account cleared	<p>The payroll reconciliation is currently showing a number of unreconciled items and discrepancies.</p> <p>Officers are satisfied that the correct amounts are being paid to employees and the correct deductions are being made for PAYE, NI, pensions, etc. However, there is a problem with the costing file which puts the payroll costs into the Council's general ledger.</p> <p>The discrepancies are not significant but we have reported this issue previously and it should have been addressed by now.</p> <p>We understand that management have now escalated this issue with NYCC to ensure it is resolved.</p> <p>Agreed Action The Council will ensure that the issues with the payroll reconciliation are resolved without further delay.</p> <p>Updated July 2017 – there are still discrepancies reflected in the payroll reconciliation. As previously reported the differences reflected in the 2016/17 financial statements are not significant, but it remains important that this issue is resolved for such a fundamental financial system.</p>

Follow up - duplicate payments

As part of our audit planning, we followed up on the issues with duplicate payments that were reported to the Audit and Governance Committee in January 2017. We carried out an analysis of a download of payments data for 2016/17 to identify potential duplicates.

We did not identify any significant duplicate payments in addition to those that had already been identified, reported and addressed by management. This corroborates the view given by officers that the particular problems experienced in the summer of 2016 were isolated cases and that management has taken appropriate action to address the issues arising. This analysis was carried out for the purposes of our audit risk assessment and should not be relied upon for any other purpose.

Updated July 2017 – we are not aware of any significant duplicate payments being included in the 2016/17 financial statements. The duplicates that did occur earlier in the year and which were reported to the Audit and Governance Committee in January 2017 were corrected in the financial year so that the 2016/17 financial statements are fairly stated.

4. Value for Money Conclusion

Our approach to Value for Money

We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

Commentary against each of the sub-criteria, and an indication of whether arrangements are in place, is provided below.

Sub-criteria	Commentary	Arrangements in place?
<p>Informed decision making</p> <p>Acting in the public interest, through demonstrating and applying the principles and values of sound governance.</p> <p>Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.</p> <p>Reliable and timely financial reporting that supports the delivery of strategic priorities.</p> <p>Managing risks effectively and maintaining a sound system of internal control.</p>	<p>The Council operates an Executive with a Leader model, and this is governed by a Constitution including the normal features of an effective governance framework in local government.</p> <p>The Council has a clear Corporate Plan that sets out its priorities, including to do business, to enjoy life and to make a difference, and for this to be supported by a Council that delivers great value.</p> <p>Key priorities for the Council include delivering affordable housing and promoting economic growth and development. Delivery of priorities is monitored in quarterly performance reports and in the Annual Report.</p> <p>New decisions are supported by reports that outline appropriate options and relevant considerations, including references to financial, legal and performance issues where appropriate.</p> <p>There is evidence of financial reporting being used to deliver strategic objectives, for example, through the Medium Term Financial Strategy and in allocating resources to priority areas such as the Programme for Growth. In addition, regular financial reporting takes place, with formal reporting quarterly to the Executive.</p> <p>Performance issues are included in reports where appropriate, and overall performance outcomes are monitored quarterly and also included in the Council's Annual Report.</p> <p>The Council has a risk management strategy and framework in place. The Council has refreshed its corporate risk register in 2016/17.</p> <p>The system of internal control is subject to Internal Audit and for 2016/17, Veritau, the Council's internal auditors, have given an opinion of reasonable assurance.</p> <p>An Audit and Governance Committee is in place to oversee the governance framework including the work of internal audit and approval of the Council's financial statements.</p> <p>The Annual Governance Statement includes a balanced assessment of the effectiveness of the Council's governance arrangements and identifies appropriate areas for further improvement, most notably around information governance and disaster recovery. It also highlights issues relating to duplicate payments and payroll reconciliations.</p>	<p>Yes</p>

Sub-criteria	Commentary	Arrangements in place?
<p>Sustainable resource deployment</p> <p>Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</p> <p>Managing and utilising assets effectively to support the delivery of strategic priorities.</p> <p>Planning, organising and developing the workforce effectively to deliver strategic priorities.</p>	<p>The Council has made good progress in addressing the financial challenges from public sector austerity and has a proven track record of strong budget management and delivering planned budget reductions.</p> <p>In recent years the Council has benefitted from an annual windfall in business rates income of £5.4m largely arising from renewables at the Drax power station. The Council is uncertain how long this windfall will continue and has set it aside for the Council's Programme for Growth initiative.</p> <p>In the 2017/18 budget, the Council has not assumed that the windfall will recur. The general fund budget has been set at £11.644m, with a small deficit of £377k to be funded from reserves.</p> <p>The Council decided to repay its Pension Fund deficit following the triennial actuarial revaluation of the North Yorkshire Pension Fund on 1 April 2016. The Council made a payment of £9.4m as an early repayment of the deficit in March 2017. This will generate an annual saving as a contribution towards the savings needed to balance the budget over the medium term.</p> <p>In the budget for the HRA a key factor in the next few years will continue to be the requirement to reduce rents by 1% per annum. The Council has still been able to set a budget for 2017/18 for the HRA which predicts a £1.2m surplus, although this will be required to support capital spending plans</p> <p>The Council has an Asset Management Strategy. There are good examples of the Council seeking to make best use of its assets with some key elements being part of the Better Together partnership with North Yorkshire County Council. More recently, the Council has decided to co-locate at the civic centre with North Yorkshire Police.</p> <p>The Council has taken steps to develop its workforce, downsizing in the face of austerity and reorganising staff into wider roles. A recent example of these plans is the senior management restructure to better align the workforce with Council priorities.</p>	<p>Yes</p>

Sub-criteria	Commentary	Arrangements in place?
<p>Working with partners and other third parties</p> <p>Working with third parties effectively to deliver strategic priorities.</p> <p>Commissioning services effectively to support the delivery of strategic priorities.</p> <p>Procuring supplies and services effectively to support the delivery of strategic priorities.</p>	<p>The Council works with a range of third parties. The Better Together partnership with North Yorkshire County Council is a strong example, with measures to date including shared telephony, an improved website, shared premises and shared services such as ICT.</p> <p>Another example is the commissioning of leisure services, including the opportunity presented by the new leisure village, through Wigan Leisure and Cultural Trust (WLCT).</p> <p>The Executive considers an annual review of the operation of the contract with WLCT. This considers the extent to which the contract contributes to wider strategic objectives around healthy lifestyles in the district.</p> <p>The Council has procurement procedures in place and maintains a contracts register. The Council seeks to achieve best value from the procurement process, driving savings where possible, but also aiming to deliver sustainable services. The largest contract is refuse collection and street scene (approximately £3.9m per annum). This contract was extended during 2016/17.</p>	<p>Yes</p>

Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Strategy Memorandum, we reported that for 2016/17, we had not identified any significant risks for our VFM conclusion.

Our overall Value for Money conclusion

Our draft auditor's report included in Appendix C states that we intend to issue an unqualified Value for Money conclusion for the 2016/17 financial year.

Appendix A – Summary of misstatements

The misstatements identified for adjustment during the course of the audit that are above the trivial level of £24k, are set out below.

All misstatements were adjusted by management and there are no unadjusted misstatements.

Adjusted misstatements 2016/17					
		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Note 12 – Other Land and Buildings – Transfers			1,189	
	Cr: Note 12 – Vehicles, Plant and Equipment - Transfers				1,189
	Explanation: The transfer of Summit Leisure Centre from Asset under Construction into use did not split out the different elements of the site between buildings and equipment.				
2	Dr: Note 12 – Vehicles, Plant and Equipment - Additions			136	
	Cr: Note 12 – Vehicles, Plant and Equipment - Transfers				136
	Explanation: VPE additions were incorrectly shown as transfers in the draft financial statements.				
3	Dr: CIES – Cost of Services - Depreciation	229			
	Cr: Note 12 – Land and Buildings - Accumulated Depreciation				150
	Cr: Note 12 – Vehicles, Plant and Equipment - Accumulated Depreciation				79
Explanation: Depreciation previously not charged, relating to the Summit Leisure Centre.					

Adjusted misstatements 2016/17 (continued)					
		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
	Dr: CIES – Other Operating Expenditure	2,423			
4	Cr: CIES – Cost of Services – Expenditure		2,423		
	Explanation: Transactions relating to the disposal of Non-Current Assets, were incorrectly disclosed within Cost of Services.				
	Dr: Accumulated Depreciation – Land and Buildings			599	
5	Cr: Cost/Valuation – Land and Buildings				599
	Explanation: In the course of performing the valuations, the accumulated depreciation was not written off. The gross position of cost/valuation and accumulated depreciation is therefore overstated, but the net position is correct.				

Disclosure amendments

A number of minor corrections and clarifications were made to the disclosures in the notes to the financial statements.

These included the amendment of disclosures relating to exit packages and officers remuneration; the majority of the changes related to corrections to bandings and including information omitted in the draft statements.

Appendix B – Draft management representation letter

To be on Selby District Council letter headed paper
and addressed to the external auditor:

26 July 2017

Selby District Council - audit for year ended 31 March 2017

This representation letter is provided in connection with your audit of the statement of accounts for Selby District Council ('the Council') for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the Code.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as the Chief Finance Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with Code.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-

compliance.

Fraud and error

I acknowledge my responsibility as the Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's statement of accounts communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Yours sincerely

Ms K Iveson

Chief Finance Officer

Date: 26 July 2017

Appendix C – Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELBY DISTRICT COUNCIL

Opinion on the Council financial statements

We have audited the financial statements of Selby District Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of Selby District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Selby District Council, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Selby District Council as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Narrative Statement for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the Annual Governance Statement does not comply with Delivering Good Governance in Local Government: Framework (2016);
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Council and the auditor

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required to conclude whether the Council has put in place arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have planned and undertaken our work in accordance with the Code of Audit Practice as issued by the Comptroller and Auditor General, and had regard to relevant guidance. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General, we are satisfied that in all significant respects, Selby District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of Selby District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

[To be signed]

Mark Kirkham

For and on behalf of Mazars LLP

*Salvus House
Aykley Heads
Durham DH1 5TS*

26 July 2017

Appendix D – Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.