



PUBLIC SECTOR

Annual Audit Letter 2008/09

Dorchester Town Council
November 2009

AUDIT

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- Reports issued

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. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

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.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact June Awty, who is the engagement partner to the Authority, telephone 02703111769, email june.awty@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 236 4000, email trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Investigation Officer, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421

Executive Summary

Purpose

This Annual Audit Letter (the letter) summarises the key issues arising from our 2008/09 audit at Dorchester Town Council (the Council). Although this letter is addressed to the Members of the Council, it is also intended to communicate these issues to key external stakeholders, including members of the public. The letter will also be published on the Audit Commission website at www.audit-commission.gov.uk. It is the responsibility of the Council to publish the letter on its website. Throughout our audit we have highlighted areas of good performance and also provided recommendations to help you improve performance. We have reported all the conclusions in this letter to you throughout the year and a list of all reports we have issued is provided in Appendix 1.

Scope of our audit

The statutory responsibilities and powers of appointed auditors are set out in the Audit Commission Act 1998. Our main responsibility is to carry out an audit that meets the requirements of the Audit Commission's *Code of Audit Practice* (the *Code*) which requires us to review and report on your:

- *Value for money* - whether you have made proper arrangements for securing economy, efficiency and effectiveness ('value for money') in your use of resources (UoR). Our work in this area is summarised in section 2; and
- *Accounts* – the Statement of Accounts and the Annual Governance Statement, summarised in section 2.

Key Messages

The key areas which we draw to your attention to are:

- Our use of resources assessment, the first under the Audit Commission's new UoR regime, demonstrated that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- We identified no issues in the course of the financial statements audit that are considered to be material and we issued unqualified audit opinions on the Council's financial statements and on its arrangements for securing value for money conclusion in 2008/09.

Future Issues

- From 2010/11 local government bodies are required to prepare their financial statements under International Financial Reporting Standards (IFRS), which contains a number of significant differences from the current financial reporting regime. The Council has started preparing for this transition, although as with many local authorities there remains much to be done to identify the full impact of IFRS on its accounting arrangements and to make the necessary changes.

Fees

Our fee for the audit is £16,000 which is in line with the fee proposed to you in our audit plan.

Acknowledgement

We would like to thank the Council's management and staff for the help, support and co-operation they have provided throughout our audit.

The audit of the accounts and value for money conclusion

Audit of the Accounts

Audit opinion

We issued an unqualified opinion on your accounts on 30 September 2009.

Before we give our opinion on the accounts, we are required to report to 'those charged with governance' any significant matters identified. We did this in our report to the Authority Policy Committee meeting on the 17 September 2009 and the key issues are summarised here.

Accounts production and adjustments to the accounts

- We received a complete set of draft accounts on 10 August 2009. All supporting notes have been completed.
- Our audit identified no audit adjustments which were material to the financial statements.
- Our audit resulted in five recommendations, one of which had been implemented between our interim and final audits. We also highlighted two further recommendations from the previous year's audit for which management have set a revised target date.

There were no other material issues raised for the attention of the Authority Policy Committee.

The value for money conclusion

Introduction

In our External Audit Plan 2008/09 we outlined the work streams which we complete to assess the adequacy of your arrangement which ensure that your resources are deployed effectively. Our conclusion is based on these work streams, our cumulative audit knowledge and any specific local risk work, as detailed below.

Under the Code of Audit Practice, auditors are required to give value for money (VFM) conclusion in their statutory audit report as to whether they are satisfied that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditors (VFM) conclusion is informed, and limited, by reference to 'relevant criteria' covering specific aspects of audited bodies' arrangements, specified by the Audit Commission in accordance with the Code.

The introduction of the new Comprehensive Area Assessment (CAA) framework from 2009 has prompted the Commission to review the VFM conclusion for all audited bodies. The previous VFM conclusion criteria have been replaced by key lines of enquiry (KLOEs). The Commission specifies which of these KLOE will form the 'relevant criteria' for the VFM conclusion for each type of body each year.

Findings

We issued an unqualified value for money conclusion for 2008/09.

This means that we are satisfied that you put in place proper arrangements for securing economy, efficiency and effectiveness in your use of resources. Improvements have been made in the year to improve the data quality framework in place at the Town Council, although a recommendation was made that Internal Audit review a sample of data reported in Council plans and reports and agree back to underlying documentation to gain further assurance over arrangements in place.

Appendix 1: Audit reports issued

A summary of the reports issued in the year to date is set out below.

Report	Date issued
2007/08 Annual Audit Letter	December 2008
2008/09 Audit Plan	June 2008
2009/10 Audit Plan	April 2009
Report to those charged with governance 2008/09	September 2009