



cutting through complexity

Tayside Community Justice Authority

Annual audit report to the Board of the Tayside
Community Justice Authority for Scotland and the
Auditor General for Scotland

For the year ended 31 March 2016

28 October 2016

Contents



1. EXECUTIVE SUMMARY



2. FINANCIAL POSITION



3. FINANCIAL STATEMENTS AND RELATED REPORTS



4. WIDER SCOPE



5. APPENDICES

About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the Code").

This report is for the benefit of the Tayside Community Justice Authority ("the Authority") and is made available to Audit Scotland and the Auditor General (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report. We have prepared this report for the benefit of the Beneficiaries alone.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the introduction and responsibilities section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

Complaints

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Andy Shaw, who is the engagement leader for our services to the Authority, telephone 0131 527 6673 email: andrew.shaw@kpmg.co.uk who will try to resolve your complaint. If your problem is not resolved, you should contact Alex Sanderson, our Head of Audit in Scotland, either by writing to him at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG or by telephoning 0131 527 6720 or email to alex.sanderson@kpmg.co.uk. We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Russell Frith, Assistant Auditor General, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.

Executive summary

Audit conclusions

- We have issued an unqualified audit opinion on the financial statements of Tayside Community Justice Authority (“the Authority”). Page 9

Financial position

- The result for 2015-16 was total comprehensive expenditure of £1,000, representing a net cost of services of £8.1 million funded by Scottish Government ‘Section 27’ and ‘CJA administration’ grants. Pages 6 – 7
- The Authority held cash of £443,000 as at 31 March 2016, with net liabilities of £2,000. On 31 March 2017 the Authority will be disestablished and its responsibilities transferred to local community planning partnerships (“CPPs”) and a new national body, Community Justice Scotland. As the functions are being transferred within the public sector, the financial statements are prepared on a going concern basis. Pages 6 – 7

Financial statements and related reports

- We concluded satisfactorily in respect of each of the significant risks and audit focus areas identified in the audit strategy document. We concur with management’s accounting treatment and judgments. We have no matters to highlight in respect of: adjusted and unadjusted audit differences; independence, and changes to management representations. Pages 9 – 14

Wider scope matters

- We considered the wider scope audit dimensions and concluded positively in respect of financial sustainability, financial management, value for money and governance and transparency. Pages 16 – 19

Executive summary

Scope and responsibilities

Purpose of this report

The Auditor General for Scotland (“the Auditor General”) has appointed KPMG LLP as auditor of the Tayside Community Justice Authority under the Public Finance and Accountability (Scotland) Act 2000 (“the Act”). The period of appointment is 2011-12 to 2015-16, inclusive.

Our annual audit report is designed to summarise our opinion and conclusions on significant issues arising from our audit. It is addressed to both those charged with governance at the Authority and the Auditor General. The scope and nature of our audit were set out in the audit strategy document which was presented to the Authority at the outset of our audit.

The Audit Scotland’s Code of Audit Practice (“the Code”) sets out the wider dimensions of public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial management and sustainability, governance and transparency and value for money.

Accountable officer responsibilities

The Code sets out the Authority’s responsibilities in respect of:

- preparation of financial statements that show a true and fair view;
- systems of internal control;
- prevention and detection of fraud and irregularities;
- standards of conduct and arrangements for the prevention and detection of bribery and corruption;
- financial position; and
- Best Value.

Auditor responsibilities

This report reflects our overall responsibility to carry out an audit in accordance with our statutory responsibilities under the Act and in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Code. Appendix two sets out how we have met each of the responsibilities set out in the Code.

Scope

An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. Management of the audited body is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems.

Weaknesses or risks identified are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist.

Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Under the requirements of International Standard on Auditing (UK and Ireland) (‘ISA’) 260 *Communication with those charged with governance*, we are required to communicate audit matters arising from the audit of financial statements to those charged with governance of an entity. This annual audit report to management and our presentation to the Authority, together with previous reports to the audit committee throughout the year, discharges the requirements of ISA 260.

Financial Position

Overview

The Authority has responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resource concerned.

The Authority was established by the Management of Offenders etc (Scotland) Act 2005, the provisions of which came into force between 2006 and 2007. It is comprised of elected members as a strategic partnership between Dundee City, Angus and Perth & Kinross councils and is tasked with reducing reoffending and contributing to a reduction in the fear of crime in local communities. It works in partnership with a broad range of other stakeholders to deliver the Area Plan in the application of grant funding.

Comprehensive income and expenditure statement

The Authority received an initial grant allocation of £7.765 million, which was subsequently increased to £7.873 million after receiving an additional grant allocation of £107,563 for services for Women's Offenders. In addition, an administration grant of £231,694 was received.

Expenditure was mainly in line with the budget. There were no significant variances in any expenditure line.

Comprehensive income and expenditure statement

| | 2014-15 £000 | 2015-16 £000 | Movement £000 |
|--|-----------------|-----------------|------------------|
| Staff costs | 141 | 137 | (4) |
| Property costs | 13 | 13 | - |
| Supplies & services | 25 | 35 | 10 |
| Transport costs | 3 | 3 | - |
| Third party payments | 4 | 4 | - |
| Support services costs | 25 | 25 | - |
| Funds distributed to: Angus Council | 1,621 | 1,554 | (67) |
| Dundee City Council | 4,904 | 4,745 | (159) |
| Perth & Kinross Council | 1,564 | 1,564 | - |
| Venture Trust | 0 | 10 | 10 |
| Cost of services | 8,300 | 8,090 | (210) |
| Scottish Government CJA Administration Grant | (213) | (216) | (3) |
| Scottish Government Section 27 Grant | (8,089) | (7,873) | 216 |
| Total grant income | (8,302) | (8,089) | 213 |
| Total comprehensive (income)/ expenditure | (2) | 1 | 3 |

Source: KPMG analysis of the Tayside Community Justice Authority's annual accounts 2015-16.

Balance sheet

The Authority does not have any long term assets. Working capital balances mainly relate to debtor and cash balances held to settle the final grant funding retentions withheld from constituent local authorities until the annual audited statements of expenditure are received.

In line with expectations and the funding position of the Authority, there are no carry forward useable reserves as at 31 March 2016. As at 31 March 2016 the Tayside Community Justice Authority had net liabilities of £2,000.

Going concern

Management considers it appropriate to adopt the going concern basis for the preparation of financial statements. On 31 March 2017 the Authority will be disestablished and its responsibilities transferred to local community planning partnerships ("CPPs") and a new national body, Community Justice Scotland.

As the functions are being transferred within the public sector, the financial statements are prepared on a going concern basis.

2016-17 budget

The 2016-17 budget incorporates a break-even position, resulting in no changes to the reserves position.

| Balance sheet | | | |
|-----------------------------|-----------------|-----------------|------------------|
| | 2014-15 £000 | 2015-16 £000 | Movement £000 |
| Long term assets | - | - | - |
| Short term debtors | 279 | 264 | (15) |
| Cash and cash equivalents | 726 | 443 | (283) |
| Total current assets | 1,005 | 707 | (298) |
| Sundry creditors | (1,006) | (709) | 297 |
| Total net assets | (1) | (2) | (1) |
| Unusable reserves | (1) | (2) | (1) |
| Total reserves | (1) | (2) | (1) |

Source: KPMG analysis of the Tayside Community Justice Authority's annual accounts 2015-16.

Conclusion

The Authority maintained similar levels of activity in 2015-16 to prior year and expects this to continue through 2016-17.

We are content that the going concern assumption is appropriate for the Authority, as functions are transferring in full.

A blue trapezoidal graphic on the left side of the page, tapering from left to right. It contains the text 'Financial statements and related reports' in white.

Financial statements and related reports

Audit opinion

We have issued an unqualified opinion on the truth and fairness of the state of the Authority's affairs as at 31 March 2016, and of the Authority's surplus for the year then ended.

Financial reporting framework, legislation and other reporting requirements

The Authority is required to prepare its financial statements in accordance with International Financial Reporting Standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 ("the Code"), and in accordance with the Management of Offenders etc (Scotland) Act 2005 and regulations made thereunder by the Scottish Ministers. Our audit confirmed that the financial statements have been prepared in accordance with the Code and relevant legislation.

Regularity

Our audit work, as outlined on the following pages, has concluded that in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable regulation.

Statutory reports

We have not identified any circumstances to notify the Auditor General that indicate a statutory report may be required.

Other communications

We did not encounter any difficulties during the audit. The Authority continues to issue good quality draft financial statements. There were no significant matters arising from the audit that were discussed, or subject to correspondence with management that have not been included within this report. There are no other matters arising from the audit, that in our professional judgement, are significant to the oversight of the financial reporting process.

Audit misstatements

There were no audit adjustments required to the draft annual accounts and there are no unadjusted audit differences.

Written representations

There are no changes to the standard representations required for our audit from last year.

Materiality

We summarised our approach to materiality in the audit strategy document. On receipt of the financial statements we reviewed our materiality levels. Whilst total expenditure per the financial statements was slightly higher than that used to calculate planning materiality (£8,089,000 per financial statements; £8,000,000 budgeted), we concluded that our planning materiality of £160,000 (2% of total expenditure) remains appropriate. We report all misstatements greater than £8,000.

Forming our opinions and conclusions

In gathering the evidence for the above opinions and conclusions we have:

- performed substantive procedures to ensure that key risks to the annual accounts have been covered and that the regularity of income and expenditure was in accordance with regulations;
- reviewed estimates and accounting judgements made by management and considered for appropriateness;
- remained alert to any relevant internal audit reports;
- considered the potential effect of fraud on the financial statements through enquiry with senior management to gain a better understanding of the work performed in relation to prevention and detection of fraud; and
- obtained confirmation from the auditors of the three constituent councils that funding provided to those councils has been applied for the purposes of the Authority.

Financial statements preparation

Good quality supporting documentation was made available in electronic format to support the unaudited financial statements. Draft financial statements were provided at the start of the audit fieldwork on 29 September 2016. This included the Chief Officer's report, Treasurer's report and the Remuneration Report

Significant risks and other focus areas in relation to the audit of the financial statements

We summarise below the risks of material misstatement as reported within the audit strategy document. We set out the key audit procedures to address those risks and our findings from those procedures on the following pages, in order that the Authority may better understand the process by which we arrived at our audit opinion.

Significant risks:

- going concern; and
- management override of controls fraud risk.

Other focus areas:

- fraud risk from income recognition

We have no changes to the assumed ISA risk of fraud in management override of controls. We do not have findings to bring to your attention in relation to this matter. No control overrides were identified.

| SIGNIFICANT RISK | OUR RESPONSE | AUDIT CONCLUSION |
|--|---|--|
| <p>Going concern</p> <p>In 2017 the Authority will be disestablished and its responsibilities transferred to local community planning partnerships (“CPPs”) and a national body to be called Community Justice Scotland.</p> <p>For this reason, the going concern assumption in the financial statements preparation cannot be presumed and the Authority will be required to consider the appropriate basis of preparation.</p> | <p>We have reviewed management’s assessment of the basis of preparation of the annual accounts and considered the requirements for going concern.</p> <p>We have also considered the appropriateness of the related disclosures in the financial statements</p> | <p>We consider that the annual accounts have been appropriately prepared on a going concern basis.</p> |

| OTHER FOCUS AREA | OUR RESPONSE | AUDIT CONCLUSION |
|--|--|--|
| <p>Fraud risk from income recognition</p> <p>Professional standards require us to make a rebuttable presumption that the fraud risk from income recognition is a significant risk. However, as the Authority’s income is primarily received from the Scottish Government, we do not regard the risk of fraud from this revenue recognition to be significant.</p> | <p>In our audit strategy document, we rebutted the presumed significant risk on the basis that the authority’s income is primarily received from the Scottish Government on the annual basis and we do not regard the risk of fraud from this revenue recognition to be significant.</p> <p>We vouched the material grant income to the allocation letter received from the Scottish Government on 28 November 2014, confirming the Authority’s allocation for the 2015-16 financial year.</p> <p>We obtained audited returns in respect of expenditure incurred by Authority partners and agreed these to expenditure reported.</p> | <p>We did not identify any instances of fraudulent revenue recognition.</p> <p>We are satisfied that income is appropriately recognised within the financial statements.</p> |

| REPORT | SUMMARY OBSERVATIONS | AUDIT CONCLUSION |
|--|--|---|
| Chief Officer's and Treasurer's report | <p>The financial statements form part of the annual accounts of the Authority for the year ended 31 March 2016 which include other narrative reports. We are required to consider the Chief Officer and Treasurer's reports, and provide our opinion on the consistency of these with the financial statements.</p> <p>These have been prepared on the same basis as in the prior year.</p> | <p>We are satisfied that the information contained within the Chief Officer's report and the Treasurer's report is consistent with the financial statements.</p> |
| Remuneration report | <p>In accordance with Local Authority Accounts (Scotland) Regulations 2014, local authorities are required to present remuneration disclosures. While this does not apply to the Authority, the Scottish Government has encouraged preparation of a remuneration report to enhance transparency on a voluntary basis, since 2011-12.</p> <p>The remuneration report included within the draft financial statements was supported by good quality information and working papers.</p> | <p>We are satisfied that the information contained within the remuneration report is consistent with the underlying records and annual accounts and that all required disclosures have been made.</p> |
| Statement on the System of Internal Financial Control | <p>The Authority includes a statement on the system of internal financial control which outlines the framework of arrangements within which financial control is managed. No significant weaknesses in financial control were identified.</p> <p>An assessment of the governance and internal control arrangements in respect of the Section 27 grant within the constituent councils was made by the head of criminal justice services within each council, based on completion of a 25 point checklist. The results were positive, with the exercise continuing to indicate a high level of compliance with good practice.</p> | <p>We are satisfied that the statement meets the requirements of the Code and is consistent with our understanding of the Authority's activities.</p> |

Qualitative aspects

ISA 260 requires us to report to those charged with governance our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

We consider the accounting policies adopted by the Authority to be appropriate, and there have been no changes to adopted accounting policies in the year. There are no significant accounting practices which depart from what is acceptable under the IFRS or the Code.

There are no significant accounting estimates in the financial statements.

Financial statement disclosures were considered against requirements of the Code, relevant legislation and IFRS. No departures from these requirements were identified.

Future accounting and audit developments

The 2016-17 Code includes a new requirement for an expenditure and funding analysis, as well as revised formats for the comprehensive income and expenditure statement and movement in reserves statement. The expenditure and funding analysis provides a reconciliation of the statutory adjustments between the financial position on a funding basis and the surplus or deficit on the provision of services. The management commentary should refer to the outturn provided in the expenditure and funding analysis. The comprehensive income and expenditure statement line items have been amended to require authorities to present the service analysis on the basis of the organisational structure under which they operate. Bodies are therefore not required to follow the service expenditure analysis in the Service Expenditure Reporting Code of Practice (SeRCOP).

ISA (UK & Ireland) 700 and 720 have been revised for accounting periods beginning on or after 17 June 2016. These revise the requirements for the structure and content of the independent auditor's report. Audit Scotland is considering whether to early adopt the standards for 2016-17.

Wider scope

Introduction

The Code frames the wider scope of our audit in terms of four audit dimensions; financial management, financial sustainability, governance and transparency and value for money. At the centre of these dimensions is Best Value.

It remains the responsibility of the audited body to ensure that they have proper arrangements in place across each of these audit dimensions. These arrangements should be appropriate to the nature of the audited body and the services and functions that it has been created to deliver. We review and come to a conclusion on these proper arrangements.

During our work on the audit dimensions we have considered the work carried out by internal audit and other scrutiny bodies to ensure our work meets the proportionate and integrated principles contained within the Code.

Audit work and conclusions

We summarise over the next few pages the work we have undertaken in the year to obtain assurances over the arrangements in place for each audit dimension and our conclusions on the effectiveness and appropriateness of these arrangements.



Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

In considering financial sustainability of the Authority we performed the following work:

- *Reviewing the financial position of the Authority as at 31 March 2016 and future budgets and forecasts*; we provide commentary on the financial position on pages 6 to 7.
- *Reviewing financial forecasting, financial strategies and key risks over financial sustainability*. The 2016-17 budget provides for a breakeven position.
- *Consideration of the impact of the dissolution of community justice authorities in 2017 and the transfer of functions to new public sector bodies*. On 31 March 2017 the Authority will be disestablished and its responsibilities transferred to local community planning partnerships (“CPPs”) and a new national body, Community Justice Scotland. We provide commentary on page 7.

Conclusion:

We consider that the Authority’s activities are financially sustainable, prior to transfer to CPPs and Community Justice Scotland in 2017.

Value for money is concerned with using resources effectively and continually improving services.

We consider value for money and Best Value throughout our testing. Areas where we had a specific focus on value for money and Best Value are:

- *Reviewing expenditure against budget*. The Authority’s expenditure is primarily comprised grants to constituent local authorities. Our work included review of other expenditure against budget and obtaining explanations of all significant variances to budget.

Conclusion:

The Authority strives to achieve value for money in its delivery of services. This was seen through good budgetary controls over expenditure. We are content that the value for money arrangements are appropriate to the Authority.

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

We carried out audit tests to determine the effectiveness of the financial management arrangements. This included:

- *Assessing the budget monitoring processes.* We found these to be robust, with regular accurate reporting and scrutiny by senior management.
- *Consideration of the finance function and financial capacity.* The Authority's finance team is small, however this is appropriate to the scale of the Authority's functions.

Conclusion:

The Authority's finance function has appropriate financial capacity for its operations. Budgetary processes are appropriate and proportionate.

We are required to provide specific conclusions on the following areas which relate to financial management and support our overall conclusion on this audit dimension.

Internal controls

Management is responsible for designing and implementing appropriate internal control systems to ensure a true and fair view of operations within the financial statements. We test those we rely upon as part of our audit procedures.

Conclusion: Internal controls we tested over budget setting and monitoring were seen to be designed and operating effectively.

Arrangements for the prevention and detection of fraud and error

Testing over the processes to prevent and detect fraud and error included:

- *Inquiry with management as to procedures for the prevention and detection of fraud and error.* Based on inquiries, the procedures are considered to be appropriate for the Authority.
- *Testing of budget monitoring control.* Budget monitoring controls are designed and operating effectively to detect fraud and error in the financial statements.

Conclusion: The Authority has appropriate arrangements to prevent and detect fraud.

Standards of conduct and the prevention and detection of corruption

Testing over the processes to prevent and detect corruption included:

- *Consideration of risks of corruption at the Authority.* We reviewed the income and expenditure streams and do not consider there to be a significant risk of corruption, due to the majority of income and expenditure being in large grants with high visibility to management and those charged with governance.
- *Review of financial reporting arrangements.* The members of the Authority are drawn from the constituent councils, and as such are bound by the respective codes of conduct of those councils. Administration of the financial records of the Authority is undertaken by Dundee City Council staff who are subject to that Council's policies on standards of conduct, fraud and corruption.
- *Review of Partner Council 25-point governance and internal control checklists.* We reviewed these checklists for each of the partner councils and did not identify any risks.

Conclusion: The Authority has appropriate arrangements to prevent and detect inappropriate conduct and corruption.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

In considering governance and transparency we performed the following work:

- *Reviewing the organisational structure, reporting lines and level of scrutiny within the Authority.* The Authority demonstrates effective scrutiny, challenge and transparency on decision making in the board minutes reviewed.
- *Reading the annual statement on the system of internal financial control;* as discussed on page 12.

Conclusion:

The Authority has sound and well-established governance arrangements that ensure effective scrutiny, challenge and transparency on decision making, through high quality reporting.

We are required to provide specific conclusions on the following areas which relate to governance and transparency and support our overall conclusion on this audit dimension.

Corporate governance

We updated our understanding of the governance framework and documented this through our overall assessment of the Authority's risk and control environment. This included review of entity wide controls.

Conclusion: Governance controls were found to be operating effectively and we consider the governance framework to be appropriate for the Authority.

Internal audit

We considered whether any relevant internal audit reports were produced during 2015-16 as part of our risk assessment and planning. We also considered the requirements of International Standard on Auditing 610 (*Considering the Work of Internal Audit*).

Conclusion: We did not identify any relevant work from internal audit to inform our procedures. There was no impact on our planned substantive testing.

Appendices

To the Authority members

Assessment of our objectivity and independence as auditor of Tayside Community Justice Authority (“the Authority”)

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP’s objectivity and independence, the threats to KPMG LLP’s independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP’s objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability

- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

We have considered the fees charged by us to the Authority for professional services provided by us during the reporting period.

The audit fee charged by us for the period ended 31 March 2016 was £4,370 (2015: £4,375). No non-audit services were provided to the Authority and no future services have been contracted or had a written proposal submitted.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Authority.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

Appendix two

Appointed auditors responsibilities

| Area | Appointed auditors responsibilities | How we've met our responsibilities |
|--|---|---|
| Corporate governance | <p>Review and come to a conclusion on the effectiveness and appropriateness of arrangements to ensure the proper conduct of the bodies affairs including legality of activities and transactions.</p> <p>Conclude on whether the monitoring arrangements are operate and operating in line with recommended best practice.</p> | Page 18 sets out our conclusion on these arrangements. |
| Financial statements and related reports | <p>Provide an opinion on audited bodies' financial statements on whether financial statements give a true and fair view of the financial position of audited bodies and their expenditure and income.</p> <p>Provide an opinion on whether financial statements have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.</p> <p>Provide an opinion on the regularity of the expenditure and income.</p> | Page 9 summarises the opinions we expect to provide. |
| Financial statements and related reports | Review and report on, as appropriate, other information such as annual governance statements, management commentaries, remuneration reports and grant claims. | Page 12 reports on the other information contained in the financial statements, covering the Chief Officer's report, the Treasurer's report, the Statement on the System of Internal Financial Control and the Remuneration Report. |
| Financial statements and related reports | Notify the Auditor General when circumstances indicate that a statutory report may be required. | Page 9 sets out any notifications we have made to the Auditor General. |
| Financial statements and related reports | Review and conclude on the effectiveness and appropriateness of arrangements and systems of internal control, including risk management, internal audit, financial, operational and compliance controls. | Page 17 sets out our conclusion on these arrangements. |
| WGA returns and grant claims | <p>Examine and report on WGA returns</p> <p>Examine and report on approved grant claims and other returns submitted by local authorities.</p> | The Authority is not required to submit a WGA return. |

Appendix two

Appointed auditors responsibilities (continued)

| Area | Appointed auditors responsibilities | How we've met our responsibilities |
|--|--|--|
| Standards of conduct – prevention and detection of fraud and error | Review and conclude on the effectiveness and appropriateness of arrangements for the prevention and detection of fraud and irregularities, bribery and corruption and arrangements to ensure the bodies affairs are managed in accordance with proper standards of conduct. Review National Fraud Initiative participation and conclude on the effectiveness of bodies engagement. | Page 17 sets out our conclusion on these arrangements. The Authority did not participate in the National Fraud Initiative. |
| Financial position | Review and conclude on the effectiveness and appropriateness of arrangements to ensure that the bodies financial position is soundly based. | Pages 6 and 7 set out our conclusion on these arrangements. |
| Financial position | Review performance against targets | Page 6 summarises our review of how the Authority has performed against it's financial targets. |
| Financial position | Review and conclude on financial position including reserves balances and strategies and longer term financial sustainability. | Page 6 sets out our conclusion on the Authority's financial position including reserves balances. Page 7 sets out our conclusion on the Authority's financial strategies and longer term financial sustainability. |
| Best Value | Review and conclude on the effectiveness and appropriateness of arrangements of accountable officers specific responsibility to ensure that arrangements have been made to secure Best Value. | Page 16 sets out our conclusion of the Authority's arrangements. |



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