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Chief Executive
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Our ref RK/RW

13 January 2016

Dear Janet

Wentworth Street Car Park

Further to our e-mail communication of 13th November 2015, I can now update you on the impact of the revised VFM guidance received from the NAO in relation to the Wentworth Street Car Park planning issues.

As I indicated in my e-mail communication, our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 ('the Act') and the National Audit Office's Code of Audit Practice ('the Code'). You will be aware our audit has two key objectives, requiring us to audit/review and report on your:

- financial statements (including the Annual Governance Statement): providing an opinion on your accounts; and
- use of resources: concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

VFM Responsibilities

The VFM conclusion asks us to conclude whether in "*all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people*". Our approach asks us to consider whether the Wentworth Street Car parking issue would constitute a significant risk which is defined as "*if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.*"

In our view this did constitute a risk to our VFM opinion and in particular whether the Council:

- acts in the public interest, through demonstrating and applying the principles and values of sound governance; and
- understands and uses appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management.

Wider Responsibilities

We also have wider statutory powers and responsibilities under the Act. These are set out on the PSAA's website in a document entitled "*Statement of responsibilities of auditors and audited bodies, Local Authorities, NHS bodies and Small authorities*". In summary auditors appointed by the PSAA:

- consider whether to issue a public interest report concerning any matter that comes to the auditor's attention during the course of the audit, which they judge should be considered by the audited body or brought to public attention (Schedule 7 of the Act);
- give electors the opportunity to raise questions about a local authority's accounts, and consider and decide upon objections received from electors in relation to the accounts (sections 26 and 27 of the Act);
- consider whether the audited body should consider formally, and respond to in public, recommendations made in an audit report (Schedule 7 of the Act);
- to issue an advisory notice or to apply to the court for a declaration that an item of account is unlawful (sections 28 and 29 of the Act), if they have reason to believe that unlawful expenditure has been or is about to be incurred by an audited body; and
- apply for judicial review with respect to a decision of an audited body or a failure of an audited body to act, which it is reasonable to believe would have an effect on the accounts of that body (section 31 of the Act).

Work Carried out

We have reviewed:

- Justice Dove's judgement dated 9th July 2015;
- Report by Anthony Winship the Council Solicitor to the Planning Committee dated 18 August 2015;
- 24th April 2014 report to the Planning Committee and related papers;

- Planning inspectors report dated 29 October 2012;
- Justice Gilbert's judgement dated 17 December 2014;
- RDC constitution; and
- Advice received by the Council from David Manley QC dated 23 October 2014 and 2 April 2015.

We have also received copies of various e-mails confirming the advice the Council followed and this was supported with detailed discussions with Anthony Winship and Jill Thompson.

Conclusion

On the basis of the work conducted above in respect of the Wentworth Car Park to date:

- We have not found any evidence that VFM arrangements for Informed Decision Making at the Council would require a qualification of the VFM opinion; and
- We do not propose exercising any of our powers or responsibilities under the Act.

Although we do not fetter our discretion to reconsider this matter if further evidence comes to our attention. In respect of our VFM conclusion we formally sign off at the end of the audit in September 2016 and we will continue to review and assess your overall arrangements during the year. Our audit plan due to be issued later this month will describe in more detail our VFM conclusion approach.

Work considering these responsibilities is outside the standard scale fee and subject to additional charge so we have to be very clear that there is justification for any additional audit procedures. The work carried out to-date is outside the scale fee and will be subject to additional fee which we will clarify when the PSAA confirm the appropriate charge rate for such work.

Yours sincerely



Rashpal Khangura
Director

