



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHAMPTON BOROUGH COUNCIL

### Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2017 issued on 31 January 2019 we reported that, in our opinion, the financial statements:

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

### Issue of a qualified value for money conclusion

In our audit report for the year ended 31 March 2017 issued on 31 January 2019 we reported a qualified value for money conclusion in the following terms:

#### Basis of qualified conclusion

In 2016/17 the Authority continued to face significant financial challenges and again was reliant on one-off non-recurrent measures, including the use of reserves, to enable it to achieve the reported outcome. In September 2013 the Authority advanced a loan of £10.25 million to Northampton Town Football Club (NTFC) to carry out works to improve stadium facilities and develop a hotel. The money was passed to a third party developer and concerns about the recoverability of the loan resulted in the Authority writing down the value of the loan to nil in 2015/16. The loan made to NTFC and the financial management concerns around it have been widely publicised. This matter is subject to an ongoing police criminal investigation and continuing internal investigations by the Authority.

In December 2016 the Authority's internal auditors issued a report on the circumstances surrounding the loan to NTFC. A number of serious issues were raised regarding failings in the Authority's systems of governance and internal control. The Authority produced a Governance Action Plan to address these issues and, whilst some progress was made in implementing the Action Plan during the remainder of the 2016/17 financial year, the necessary improvements in governance and control were not fully in place by 31 March 2017. We have therefore concluded that the Authority did not have proper arrangements in place to ensure that it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people during the year ended 31 March 2017.

#### Qualified conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Northampton Borough 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

In our report dated 31 January 2019, we explained that we could not formally conclude the audit on that date until we had completed our consideration of matters brought to our attention by local authority electors relating to 2016/17.

We have now completed this work. No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion, or a significant impact on our qualified conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness.

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

**Andrew Cardoza**

**for and on behalf of KPMG LLP, Statutory Auditor**

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15 March 2021