



East
Northamptonshire
Council

Governance and Audit Committee - 3 December 2014

Annual Audit Letter 2013/14

Purpose of report

The Annual Audit report summarises the key findings from the 2013/14 External Audit of the Statement of Accounts.

Attachment(s)

Appendix 1 – Annual Audit Letter

1. Annual Audit Letter

- 1.1. The Annual Audit letter sets out the key findings of the 2013/14 External Audit. The letter is intended to communicate these issues to key external stakeholders.
- 1.2. The External Auditors issued an unqualified value for money (VFM) conclusion and an unqualified opinion of the financial statement on 25 September 2014. This means that KPMG believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.
- 1.3. A review of the Annual Governance Statement concluded that it was consistent with External Audit understanding.
- 1.4. No high or medium priority recommendations were raised as a result of the 2013/14 audit work.
- 1.5. The Annual Audit Letter is provided to members for information.

2. Equality and Diversity Implications

- 2.1. There are no equality and diversity implications arising from this report.

3. Legal Implications

- 3.1. There are no legal implications arising from this report.

4. Risk Management

- 4.1. There are no additional risks arising from this report.

5. Financial Implications

- 5.1. There are no financial implications arising from this report.

6. Constitutional Implications

- 6.1. There are no constitutional implications arising from this report.

7. Corporate Outcomes

- 7.1. This report links to the following Corporate Outcomes:
 - Effective Management

Ensuring robust processes are in place to manage the Councils financial management processes.

8. Recommendation

8.1 The committee is recommended to:

- Note the Annual Audit Letter

(Reason – to ensure Members and key stakeholders are made aware of the findings of the 2013/14 External Audit)

Legal	Power: Local Government Act 2003			
	Audit and Accounts Regulations			
Other considerations:				
Background Papers:				
Person Originating Report: Iain Jenkins, Interim Finance Manager ☎ 01832 742267 ✉ ijenkins@east-northamptonshire.gov.uk				
Date: 18/11/14				
CFO 21/11/14		MO		CX

(Committee Report Normal Rev. 22)



cutting through complexity™

Annual Audit Letter 2013/14

East Northamptonshire Council

October 2014



The contacts at KPMG in connection with this report are:

Neil Bellamy

Partner

KPMG LLP (UK)

Tel: 0116 256 6082

neil.bellamy@kpmg.co.uk

Yola Geen

Manager

KPMG LLP (UK)

Tel: 0116 256 6091

yola.geen@kpmg.co.uk

Vishal Savjani

Assistant Manager

KPMG LLP (UK)

Tel: 0116 256 6085

vishal.savjani@kpmg.co.uk

Report sections

- Headlines

Page

2

Appendices

1. Summary of reports issued
2. Audit fees

4

5

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 which is available on the Audit Commission's website at www.auditcommission.gov.uk.

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 Neil Bellamy, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to 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 Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 4448 330.

This report summarises the key findings from our 2013/14 audit of East Northamptonshire Council (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 29th September 2014. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>We did not identify any significant risks to our VFM conclusion and considered your VFM arrangements to be adequate.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 29th September 2014. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p>
Financial statements audit	<p>We are pleased to report that our audit of your financial statements did not identify any material adjustments.</p> <p>Our audit identified audit adjustments relating to classification or presentational differences, which have been amended by the Authority. These impacted the Authority's financial position by decreasing the general fund balance by £49k and increasing unusable reverses by the same amount.</p> <p>We also noted a number of more minor disclosure and presentational errors which have been corrected by the Authority.</p> <p>.</p>
Annual Governance Statement	<p>We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.</p>

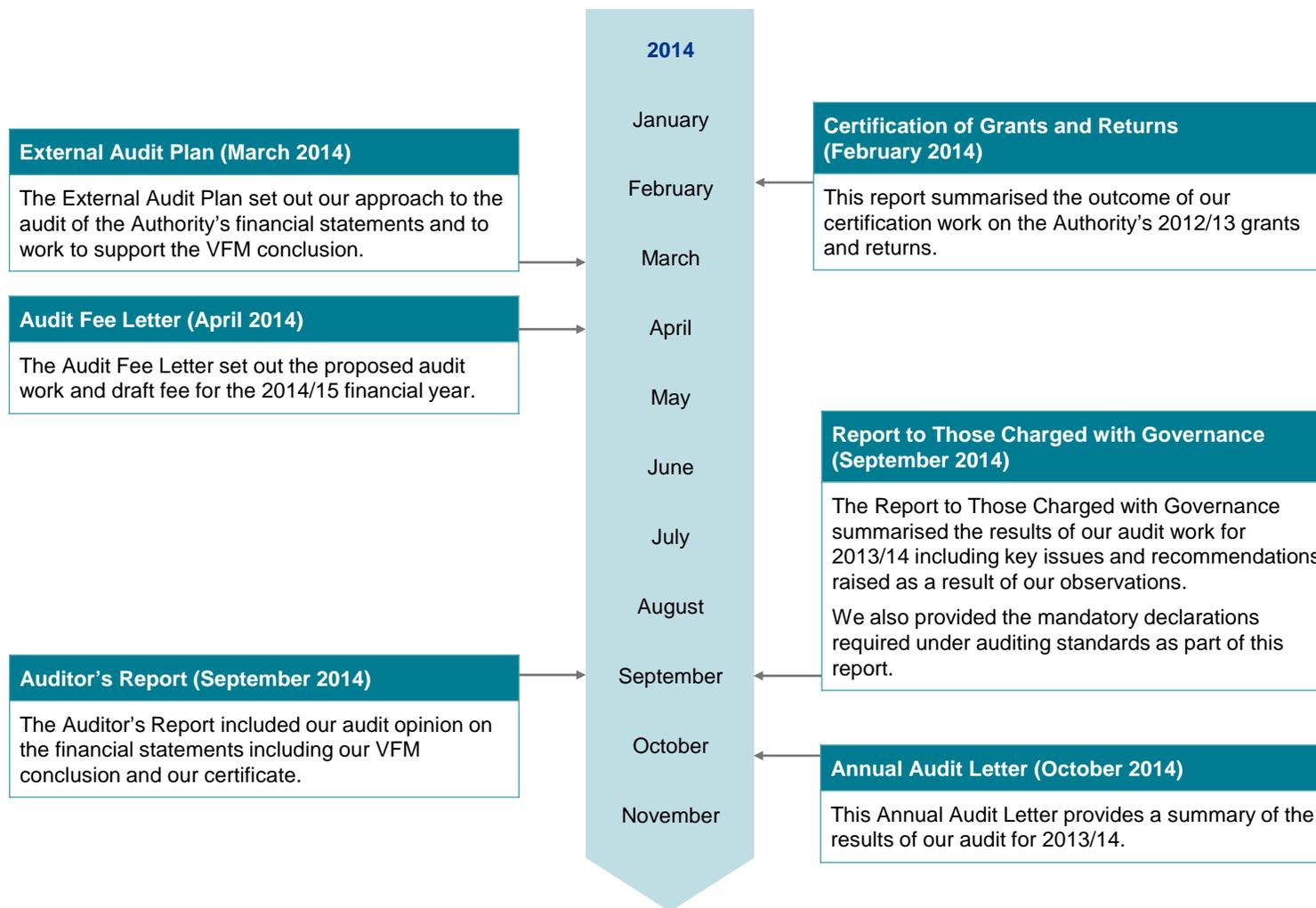
We provide a summary of our key recommendations in Appendix 1.

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 2.

Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's disclosures regarding Plant Property and Equipment, and Pensions were consistent with the audited financial statements.
Certificate	We issued our certificate on 29 September 2014. The certificate confirms that we have concluded the audit for 2013/14 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our scale audit fee for 2013/14 was £59,140 excluding VAT. We are currently agreeing an additional fee of £900 relating to national changes in the arrangements for National Non Domestic Rates (NNDR) with the Audit Commission. This is a national issue which applies to all relevant authorities. This increase has been agreed with your Chief Finance Officer. Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.



This appendix provides information on our final fees for 2013/14.

To ensure openness between KPMG and your Governance and Audit Committee about the extent of our fee relationship with you, we have summarised the outturn against the 2013/14 planned audit fee.

External audit

The planned fee for the 2013/14 audit of the Authority was £59,140. Proposed additional fees of £900 are subject to final confirmation by the Audit Commission. The reason for the variation is:

- To deliver our 2013/14 audit opinion there were two elements of our work that we had previously carried out separately while certifying the Council's yearly NNDR return to the government, and which we were also able to rely on the support our opinion on the accounts. Previously the Council was charged a separate certification fee for this work. In 2013/14, as a result of there being no certification of the NNDR return, we have had to carry out this work as additional procedures to our opinion audit. It is offset by the fact that the Council is no longer charged a certification fee.

Certification of grants and returns

Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2013/14* which we are due to issue in January 2015.

Other services

We have not carried out or charged for any other services which are not related to our responsibilities under the Audit Commission's *Code of Audit Practice*.



cutting through complexity™

© 2014 KPMG LLP, a UK public limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).