



## **Governance and Audit Committee - 23 November 2015**

### **Annual Audit Letter 2014/15**

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#### **Purpose of report**

The Annual Audit report summarises the key findings from the 2014/15 External Audit of the Statement of Accounts.

#### **Attachment(s)**

Appendix 1 – Annual Audit Letter

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#### **1. Annual Audit Letter**

- 1.1. The Annual Audit letter sets out the key findings of the 2014/15 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 statements on 30 September 2015. 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's understanding.
- 1.4. There was a material misstatement identified in the note which supports the financial statements, which required the figures for the prior year in the note to be restated.
- 1.5. No high or medium priority recommendations were raised as a result of the 2014/15 audit work.
- 1.6. 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 2014/15 External Audit)*

<b>Legal</b>	Power: <b>Local Government Act 2003</b>			
	<b>Audit and Accounts Regulations</b>			
Other considerations:				
<b>Background Papers:</b>				
<b>Person Originating Report:</b> Michelle Drewery, Finance Manager ☎ 01832 742267 ✉ mdrewery@east-northamptonshire.gov.uk				
<b>Date:</b> 09/11/15				
<b>CFO</b> 10/11/15		<b>MO</b>		<b>CX</b>

(Committee Report Normal Rev. 22)

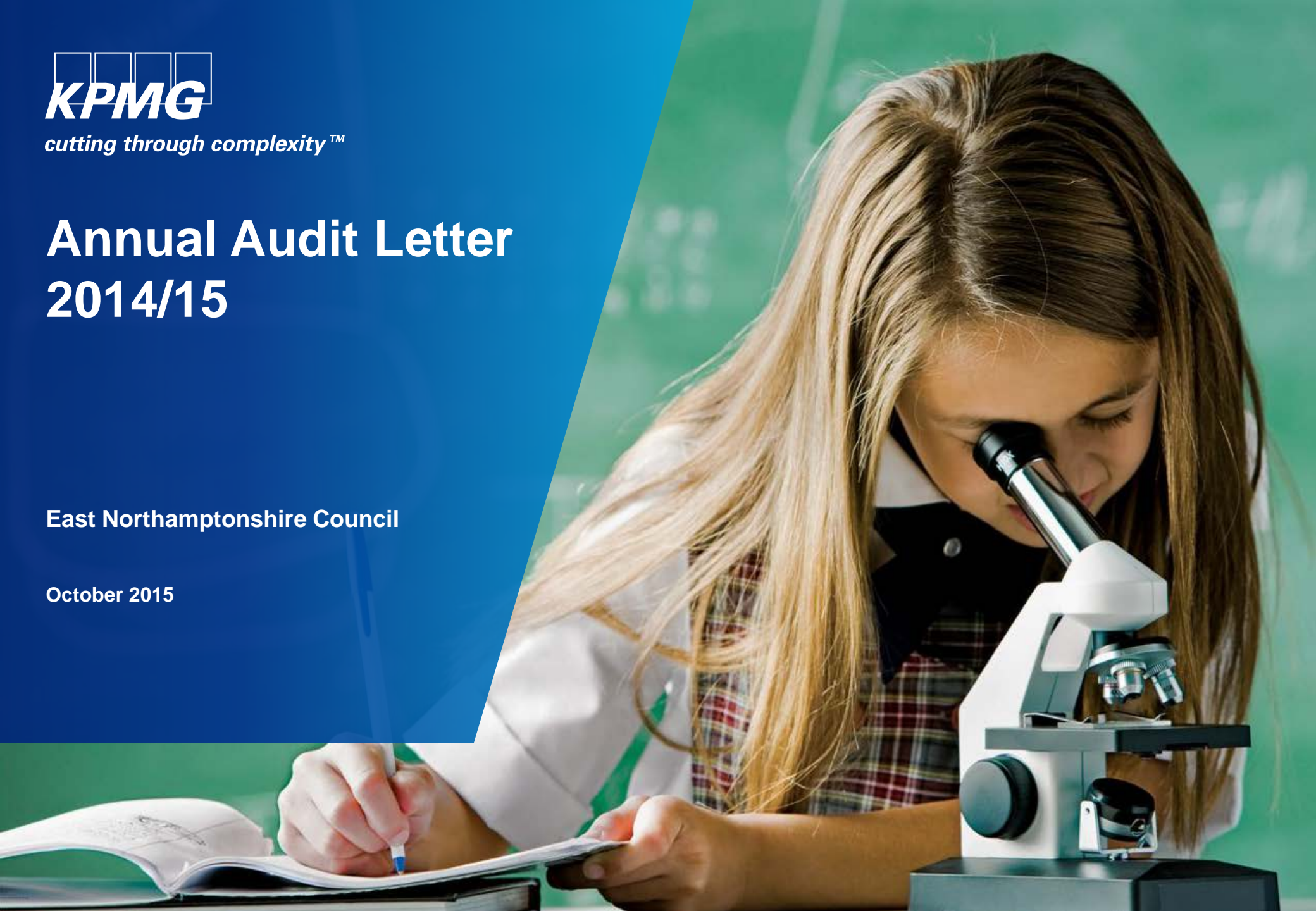


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# Annual Audit Letter 2014/15

East Northamptonshire Council

October 2015



**The contacts at KPMG  
in connection with this  
report are:**

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## Report sections

- Headlines

## Appendices

1. Summary of reports issued
2. Audit fees

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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 issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psa.co.uk](http://www.psa.co.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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Jonathan Gorrie the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

**This report summarises the key findings from our 2014/15 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.**

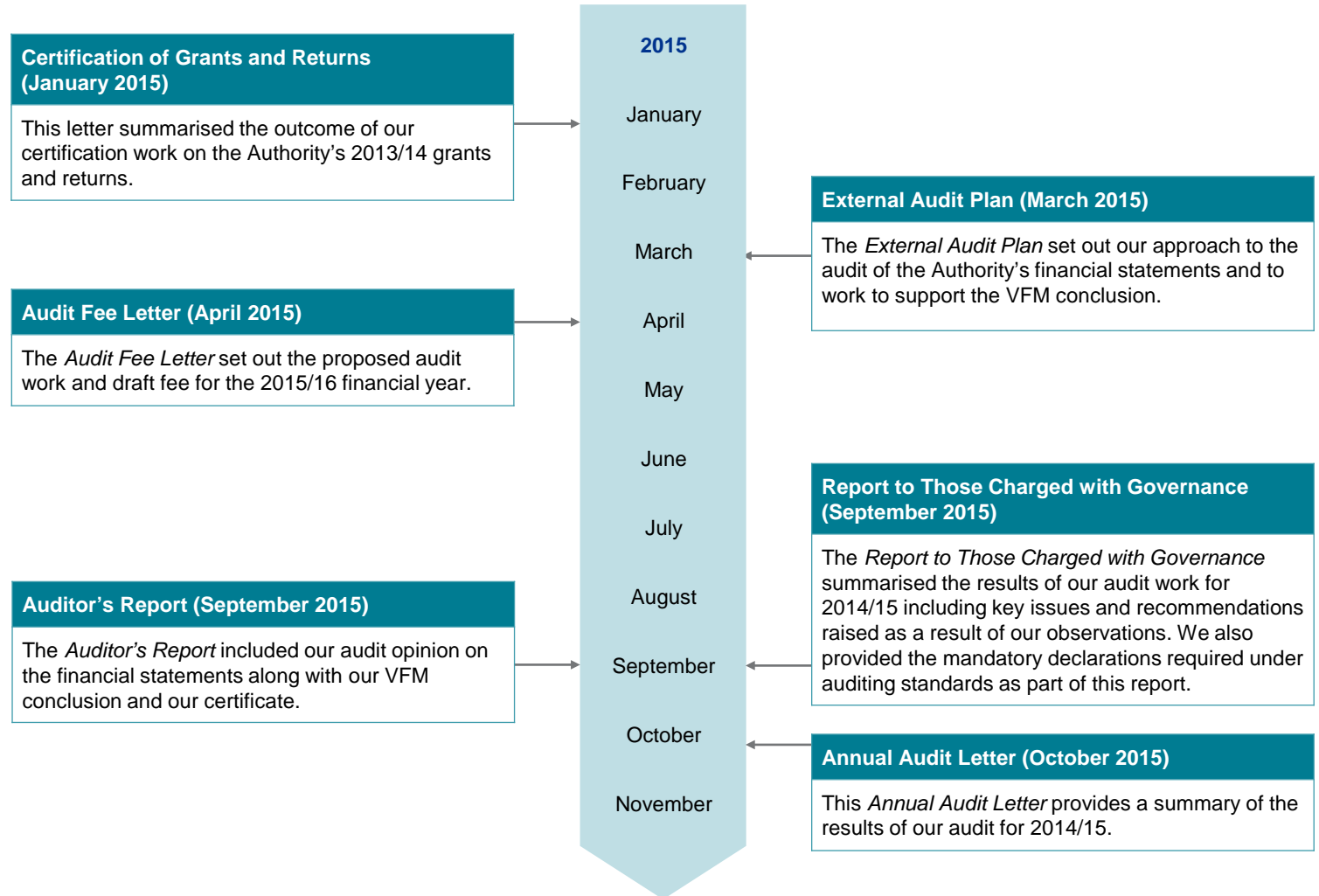
**Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.**

**All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.**

<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 30 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on the Authority's financial statements on 30 September 2015. 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>
<b>Financial statements audit</b>	<p>In our External Audit Plan 2014/15 we did not identify any significant risks affecting the Authority's 2014/15 financial statements. However we subsequently identified the disclosures in the supporting note for Property, Plant and Equipment as an area of possible material misstatement and undertook procedures to review this. We agreed amendments with your officers as a result of this work, but this did not effect the balance sheet value at which the assets were held.</p> <p>We also identified a small number of presentational adjustments required to ensure that the accounts are compliant with the <i>Code of Practice on Local Authority Accounting in the United Kingdom 2014/15</i> ('the Code').</p> <p>The Authority has good processes in place for the production of the accounts. Officers dealt efficiently with audit queries.</p>
<b>Annual Governance Statement</b>	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>
<b>Whole of Government Accounts</b>	<p>The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.</p>
<b>Certificate</b>	<p>We issued our certificate on 30 September 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
<b>Audit fee</b>	<p>Our fee for 2014/15 was £60,040, excluding VAT. Further detail is contained in Appendix 2.</p>

## 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 the 2014/15 audit.**

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

**External audit**

Our final fee for the 2014/15 audit was £60,040, which is in line with the planned fee.

**Certification of grants and returns**

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2016.

**Other services**

We did not charge any additional fees for other services.



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