

Report of Head of Finance

ANNUAL AUDIT LETTER 2013-14

1 Purpose of report

- 1.1 The purpose of the report is to place before the Committee the Annual Audit Letter for 2013-14 as issued by the Council's external auditor, KPMG.

2 Executive summary

The Council's external auditors completed their work on the audit of the statement of Accounts and issued their Audit Letter to the Council in October 2014. The letter must be presented to the Audit Committee at its next meeting and published on the councils website once reported. The Annual Audit letter is attached herewith.

3 Appendices

Annual Audit letter 2013-14

4 Proposed action:

- 4.1 The committee is invited to RESOLVE to receive and consider the Annual Audit Letter 2013-14.**

5 Background

- 5.1 The Annual report of the Council's Statement of Accounts was completed and the accounts signed off by 30th September 2014. In October 2014 the external auditors issued the Annual Audit Letter to the council. This letter needs to be presented to the Audit Committee at their next meeting after issue for consideration. Representatives from KPMG will attend the Committee to present the letter.

6 Legal powers

Audit Commission Act 1998

7 Financial and value for money implications

There are no direct financial implications to this report.



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Annual Audit Letter 2013/14

Borough Council of Wellingborough
October 2014



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Report sections

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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 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.



Section one Headlines

This report summarises the key findings from our 2013/14 audit of Borough Council of Wellingborough (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 25th 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 25th 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. The financial statements also include those of the Authority's Group, which consists of the Authority itself and Wellingborough Norse Ltd.</p>
Financial statements audit	<p>We are pleased to report that our audit of your financial statements did not identify any material adjustments. The Authority made a small number of non-trivial adjustments, most of which were of a presentational nature. There was no impact on the General Fund.</p> <p>The Authority put through a prior year adjustment to reflect changes in the international accounting standard IAS19 Employee Benefits which amended prior year figures by £236k. In our view, strict application of accounting standards did not require this amendment to be made as the amount itself was not material. We accepted the Authority's explanation that it chose to make the amendment in order that users of the accounts are aware of what had changed from the previous year and we did not therefore seek amendment to the accounts..</p>
Annual Governance Statement	<p>We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.</p>

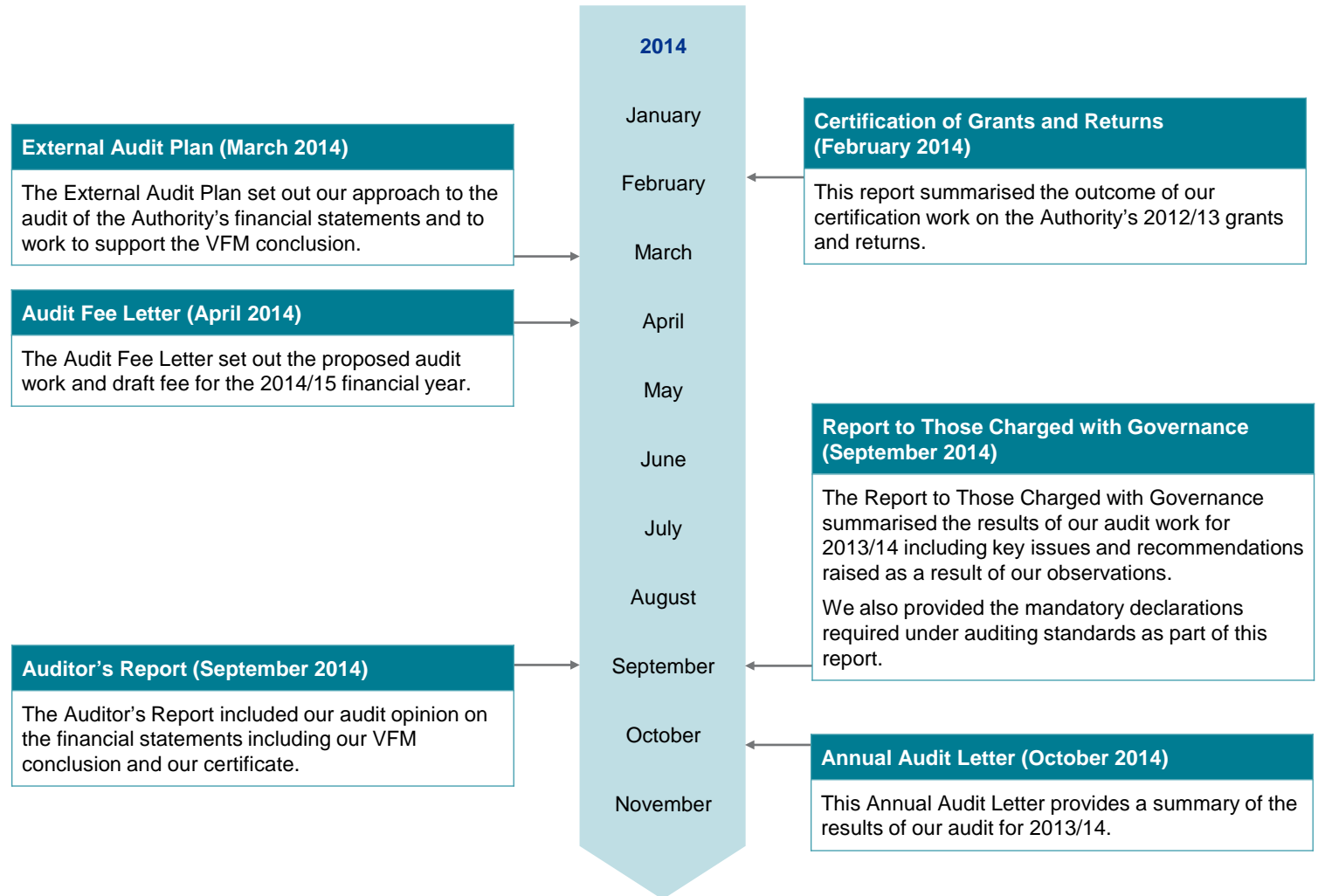
We provide a summary of our key recommendations in Appendix 1.

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	<p>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.</p>
Certificate	<p>We issued our certificate on 25th September 2014.</p> <p>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>.</p>
Audit fee	<p>Our scale audit fee for 2013/14 was £65,781 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 Head of Finance. 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 2013/14.

To ensure openness between KPMG and your 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 £65,781. Proposed additional fees of £900 are subject to final confirmation by the Audit Commission. The reason for the variations 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*.



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8 Risk analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
qualification if accounts are not certified as correct or increased number of recommendations as a result of audit	Statutory deadlines are not met	Unlikely	Audit recommendations will be implemented in full and timetable will be adhered to.

9 Implications for Resources

9.1 None

10 Implications for Stronger and Safer Communities

10.1 None

11 Implications for Equalities

11.1 None

12 Author and Contact Officer

Liz Elliott, Head of Finance

13 Consultees

SMT

14 Background Papers

None