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Annual Audit Letter 2013/14

Kettering Borough Council

October 2014



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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 Jon Gorrie, 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 Kettering Borough 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 16 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> <p>We did not identify any significant risks to our VFM conclusion and therefore did not need to complete any additional work.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 16 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>Our audit identified one non-adjusted audit difference with a total value of £0.22 million. There was nil impact on the General Fund as a result of the audit difference. The Authority entered into new lease agreements during the financial year. The discount factor applied to the leases was not apportioned to reflect the fact that the charges related to a partial year. The adjustment was not corrected by the Authority as the liability and overall finance costs are corrected by the end of the lease period.</p> <p>Our audit also identified a small number of presentational and disclosure adjustments which were amended by the Authority.</p> <p>We have noted that the quality of the accounts and the supporting working papers continued to be of a high standard. Officers dealt efficiently with audit queries and the audit process was completed within the planned timescales.</p> <p>The Authority also made good progress in undertaking an exercise to streamline and de-clutter the accounts.</p> <p>The Authority's organisational control environment was deemed to be effective overall, and we did not identify any significant weaknesses in controls over key financial systems. We undertook a review of the work of internal audit. Our review did not identify any significant issues and were able to rely on their work where appropriate.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>

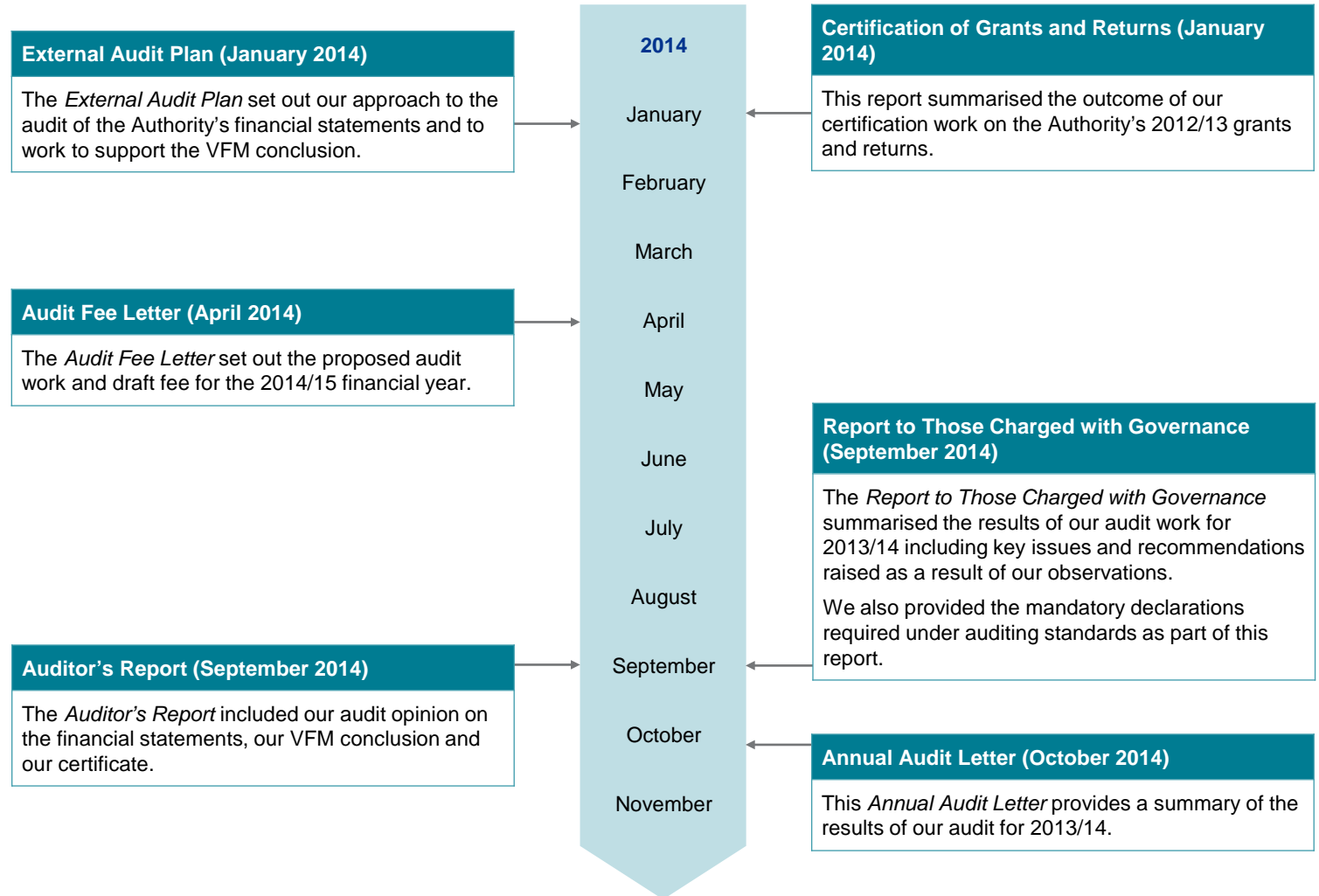
All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

We held a debrief meeting with Officers to discuss the key points from this year's audit, to ensure the process remains efficient.

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 pack was consistent with the audited financial statements.
Recommendations	We raised one low priority recommendation as a result of our 2013/14 audit work. This related to the Authority strengthening its internal assurance procedures in relation to third party reports received, including those in relation to asset valuations. We will formally follow up the recommendation as part of our 2014/15 work.
Certificate	We issued our certificate on 30 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 fee for 2013/14 was £71,580, excluding VAT. This was £900 higher than the planned fee of £70,680 due to additional work required in respect of the risk arising from new pooling arrangements, and the fact that the audit certification in place in previous years was no longer required. Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued

This appendix summarises the reports we have 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

Our final fee for the 2013/14 audit of the Authority was £71,580. This was £900 higher than the planned fee of £70,680.

In our ISA 260 we reported the fact that we had needed to do additional work on business rates in respect of the risk arising from new pooling arrangements, and the fact that the audit certification in place in previous years (which provided some assurance for our opinion) was no longer required. This also means that there is no certification fee for the Authority to pay.

The proposed additional fee for this work is £900, and is currently subject to final determination by the Audit Commission.

As the NNDR certification fee for last year was £1,600, this would effectively result in a £700 net reduction for NNDR work.

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 Audit Commission's *Code of Audit Practice*.



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