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Annual Audit Letter 2014/15

Kettering Borough Council

26 January 2016

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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.psaa.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 Jon 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, Andrew Sayers, by email to andrew.sayers@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, 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 Kettering Borough Council (the Authority).

This report intends to communicate the key facts to the Members of the Authority and to external stakeholders.

This report covers our 2014/15 audit of the Authority's financial statements and the 2014/15 value for money conclusion.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 17 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>
VFM risk areas	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>We did not identify any significant risks to our VFM conclusion and therefore did not complete any additional work.</p>
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 17 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>
Financial statements audit	<p>Our audit identified one audit adjustment with a total value of £1.05. The impact of this adjustment was to increase the surplus on provision of services for the year by £1.05 million. There was no impact on the general fund nor balance sheet.</p> <p>The adjustment related to a correction of transactions arising from the data provided by the Authority's actuary in respect of pension gains and losses during the financial year. The adjustment reduced the Authority's financing and investment expense but increased the actuarial losses on pension liabilities by the same amount. This was adjusted by the Authority.</p> <p>Our audit also identified a small number of presentational and disclosure adjustments which were amended by the Authority.</p> <p>Our <i>Accounts Audit Protocol</i>, which we issued in February 2015 and discussed with the Head of Finance, set out our working paper requirements for the audit. The quality of working papers provided was generally good and met the standards specified in our <i>Accounts Audit Protocol</i>.</p> <p>Additionally, working papers in relation to Property, Plant and Equipment were made available in advance of our audit visit which allowed us to undertake some key work earlier than originally planned. This placed the Authority in a positive position for earlier statutory deadlines expected in future years. As a result, we will continue to work with the Authority to bring forward our audit 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 of the issues in this report have been previously presented to the Authority. The detailed findings are contained in the reports we have listed in Appendix 1.

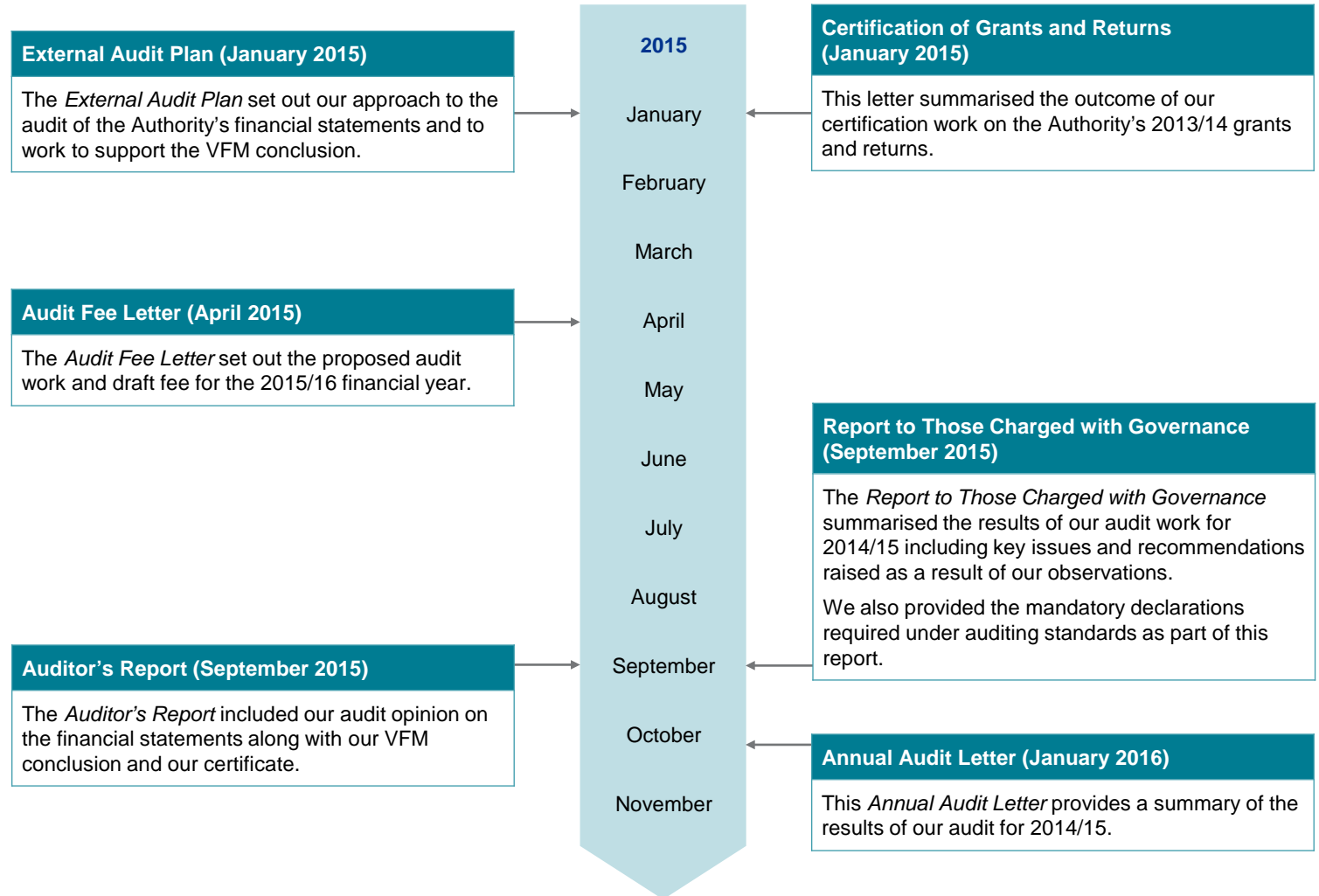
We held a debrief meeting with Officers in December 2015 to discuss the key points from our 2014/15 audit, and to ensure the audit process remains efficient.

Whole of Government Accounts	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.
High priority recommendations	We raised one low priority recommendation as a result of our 2014/15 audit work. This related to the Authority strengthening its internal assurance procedures in relation to third party reports received, including those in relation to pension assets and liabilities. We will formally follow up these recommendations as part of our 2015/16 work.
Certificate	We issued our certificate on 17 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> .
Audit fee	Our fee for 2014/15 was £70,680, excluding VAT. This was in line with the indicative fee set by Public Sector Audit Appointments. 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 summarises the reports we have 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 £70,680, 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 the Certification of Grants and Returns report.

Other services

We did not charge any additional fees for other services. We charged £1,490 for additional audit-related services for the certification of the Pooling of Housing Capital Receipts grant claim, which is outside of Public Sector Audit Appointment's certification regime.

We also charged £1,000 for tax advice. This work was not related to our responsibilities under the Code of Audit Practice.



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