



# Annual Audit Letter 2015/16

**Kettering Borough Council**

—

October 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. Public Sector Audit Appointments 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](http://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 ([andrew.sayers@kpmg.co.uk](mailto: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](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 Annual Audit Letter summarises the outcome from our audit work at Kettering Borough Council in relation to their 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

|                                   |  |
|-----------------------------------|--|
| <b>VFM conclusion</b>             | <p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 22 September 2016. This means we are satisfied that during the year that Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.</p> <p>To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>   |
| <b>VFM risk areas</b>             | <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>Our work identified the following significant matters:</p> <p><i>Financial resilience in the local and national economy:</i> we identified a risk to the Authority of continuing to deliver efficiency savings against a worsening national backdrop and recognised the local cost pressures at the County Council and how these may affect the Authority.</p> <p>We reviewed the overall performance of the Authority and its achievement of savings targets in 2015/16. We met with key Officers to understand the impact of the national and local economy on the Authority and the direct effect on the finances of the Authority.</p> <p>We recognised the Authority's strong track record of achieving savings and the delivery of savings of £1.579 million (3.4% of gross expenditure), in line with the savings target. The Authority achieved a balanced budget. Despite the County Council cost pressures, for the 2015/16 financial year there has been no direct financial impact on the Authority.</p> <p>We concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources, in relation to this specific risk.</p> |
| <b>Audit opinion</b>              | <p>We issued an unqualified opinion on the Authority's financial statements on 22 September 2016. 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>Our audit has not identified any material misstatements. We identified a number of presentational adjustments and some disclosure amendments, all of which were amended by management. There has been no net impact on the General Fund or HRA as a result of these amendments.</p> <p>Our audit also identified a small number of presentational and disclosure adjustments which were amended by the Authority.</p> <p>Our Accounts Audit Protocol, which was discussed with the Head of Resources, set out our working paper requirements for the audit. The quality of working papers provided was good and met the standards specified in our Accounts Audit Protocol.</p> <p>We review risks to the financial statements on an ongoing basis. We identified one risk to the financial statements audit risk relating to the East Kettering Development. We worked with Officers throughout the year to discuss this key risk and our did not identify any areas for concern through our detailed audit work. There are no matters of any significance arising in the key risk area.</p>   |

## Section one

# Headlines (cont.)

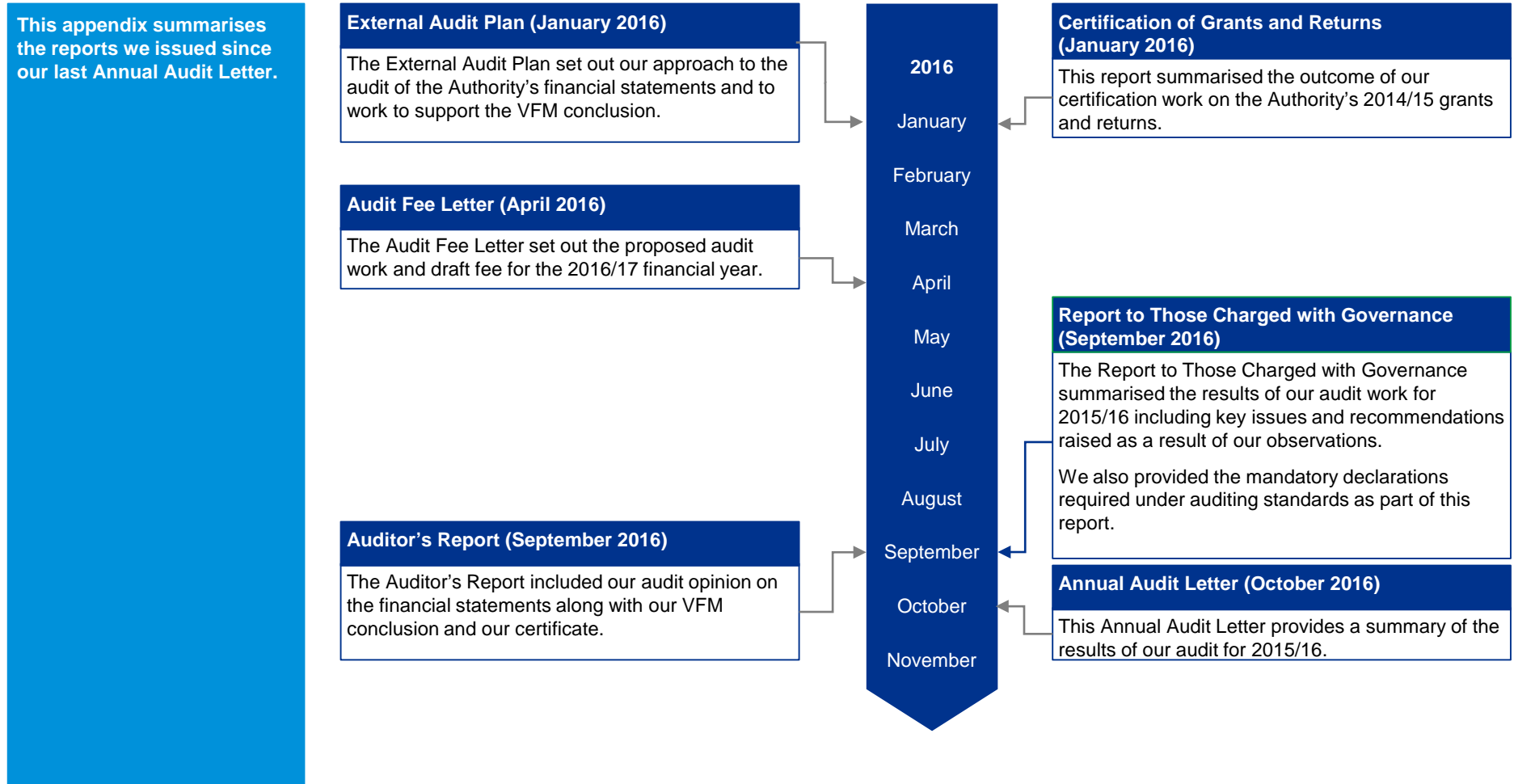
We did not identify any 'high priority' recommendations during our audit.

We reviewed the Authority's Annual Governance Statement and Whole of Government Accounts with no issues identified.

We issued our audit certificate on 22 September, alongside our audit opinion and value for money opinion.

|                                      |  |
|--------------------------------------|--|
| <b>Annual Governance Statement</b>   | We reviewed the Authority's Annual Governance Statement and concluded that it was consistent with our understanding.   |
| <b>Whole of Government Accounts</b>  | The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review the 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. |
| <b>High priority recommendations</b> | We raised four low priority recommendations as a result of our 2015/16 audit work. These concerned; supplier ID checks; the content of the Narrative Report; introducing a Code of Governance; and evidencing review of valuations.<br>We will formally follow up these recommendations as part of our 2016/17 work.             |
| <b>Certificate</b>                   | We issued our certificate on 22 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.   |
| <b>Audit fee</b>                     | Our fee for 2015/16 was £53,685, excluding VAT. This was in line with the indicative fee set by Public Sector Audit Appointments and represents a 24% reduction in fee from 2014/15. Further detail is contained in Appendix 2.  |

# Appendix 1: Summary of reports issued



# Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

### External audit

Our final fee for the 2015/16 audit was £53,685, which is in line with the planned fee.

### Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments (PSAA) we undertake prescribed work in order to certify the Authority's housing benefit grant claim (BEN01). This certification work is still ongoing. The indicative fee set by the PSAA for this work is £10,904. The final fee will be confirmed through our reporting on the outcome of that work in January 2017.

### Other services

In 2014/15 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. Our 2015/16 work on the claim is currently ongoing and the final fee will be confirmed through our reporting on the outcome of our grants work in January 2017.

We also charged £4,891 for tax advice (excluding VAT). This work was not related to our responsibilities under the Code of Audit Practice.



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