



# Annual Audit Letter 2015/16

**Rutland County Council**

—

October 2016



# Contents

The contacts at KPMG in connection with this report are:

**Tony Crawley**

*Director*

KPMG LLP (UK)

Tel: 0116 256 6067

tony.crawley@kpmg.co.uk

**Mike Norman**

*Manager*

KPMG LLP (UK)

Tel: 0115 945 3554

michael.norman@kpmg.co.uk

**David Schofield**

*Assistant Manager*

KPMG LLP (UK)

Tel: 0116 256 6074

david.schofield@kpmg.co.uk

**Page**

## Report sections

— Headlines 3

## Appendices

1. Summary of reports issued 5

2. Audit fees 6

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 Tony Crawley, 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 Rutland County 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 28 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>Our initial risk assessment took into account the Authority's key business risks which are relevant to our VFM conclusion. We identified the Authority's arrangements for sustainable resource deployment as a particular area of focus for the assessment. The Authority continues to face similar financial pressures and uncertainties to those experienced by others in the local government sector. The Authority needs to have effective arrangements in place for managing its annual budget, generating income and identifying and implementing any savings required to balance its medium term financial plan.</p> <p>We considered the Authority's arrangements for managing its annual budget and the 2015/16 outturn. The outturn was largely as expected and no significant concerns had been highlighted in the current year monitoring reports. We also specifically considered:</p> <ul style="list-style-type: none"> <li>• The Authority's arrangements for preparing and updating its medium term financial plans. The Authority has continued with its 5 year financial planning framework and the balanced 2016/17 budget, and indicative budgets to 2020/21, were approved in February 2016. The plans have been updated to reflect the financial and policy context within which the Authority operates. The Authority has continued to use independent specialist advice to inform its planning and validate its assumptions. The financial planning takes into account the outcome of the Local Government Finance Settlement 2016/17, the indicative significant reductions in government grant and increasing reliance on business rate income.</li> <li>• The actions being taken by the Authority to achieve savings and efficiencies. The Authority has continued to review budgets and working arrangements and seek opportunities for income generation. The 2016/17 budget incorporates around £1.2m in savings from these actions.</li> <li>• The draft Efficiency Plan considered by the Cabinet in August 2016. The Plan identifies an underlying 'gap' of around £2.5m which the Authority needs to address by 2020/21. The Plan sets out the overall approach including, with the Authority utilising reserves to support spending whilst the planned transformation and other investments are made to achieve the sustainable savings required.</li> </ul> <p>We were satisfied that sufficient work in relation to these matters was being carried out by the Authority to mitigate the audit risks for our VFM conclusion. We concluded that we did not need to carry out any specific additional work ourselves.</p>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on the Authority's financial statements on 28 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>

## Section one

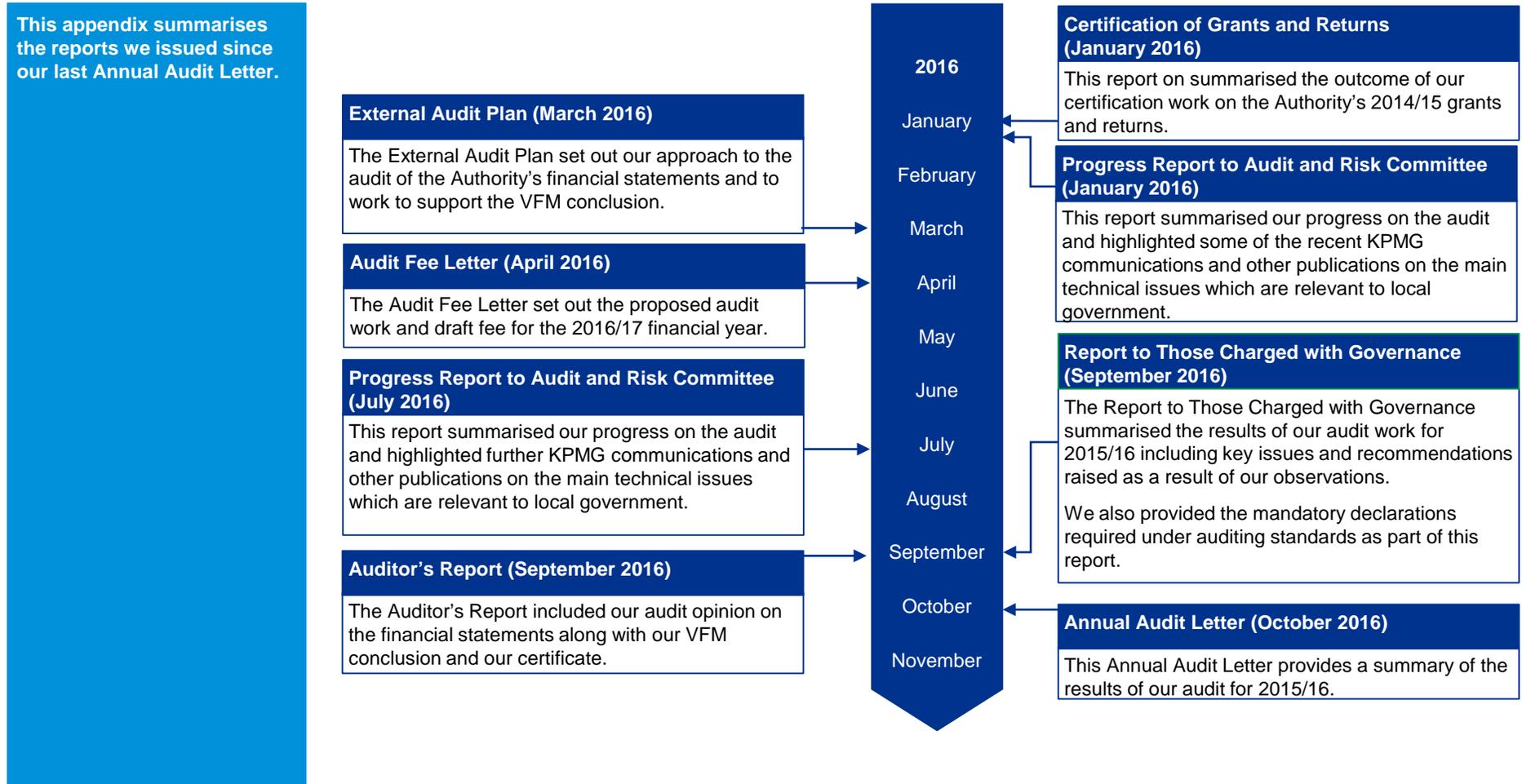
# Headlines (cont.)

This Annual Audit Letter summarises the outcome from our audit work at Rutland County 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>Annual Governance Statement</b>	We reviewed your <i>Annual Governance Statement</i> and concluded that it was not misleading or inconsistent with other information we are aware of from our audit of the financial statements.
<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 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.
<b>Certificate</b>	We issued our certificate on 28 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 the 2015/16 audit was £65,481, excluding VAT (£87,308 in 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, and the other fees charged in the year.

### External audit

Our final fee for the 2015/16 audit of the Authority was £65,481, excluding VAT (£87,308 in 2014/15). This was 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 2017.

### Other services

We charged £2,500 for additional audit-related services for our Accountant's Report relating to the 2014/15 Teachers' Pension Agency Return, which is outside of Public Sector Audit Appointment's certification regime.



[kpmg.com/socialmedia](https://kpmg.com/socialmedia)



[kpmg.com/app](https://kpmg.com/app)

© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.