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Annual Audit Letter 2014/15

Rutland County Council

October 2015

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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.psa.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, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@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 Rutland County 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.

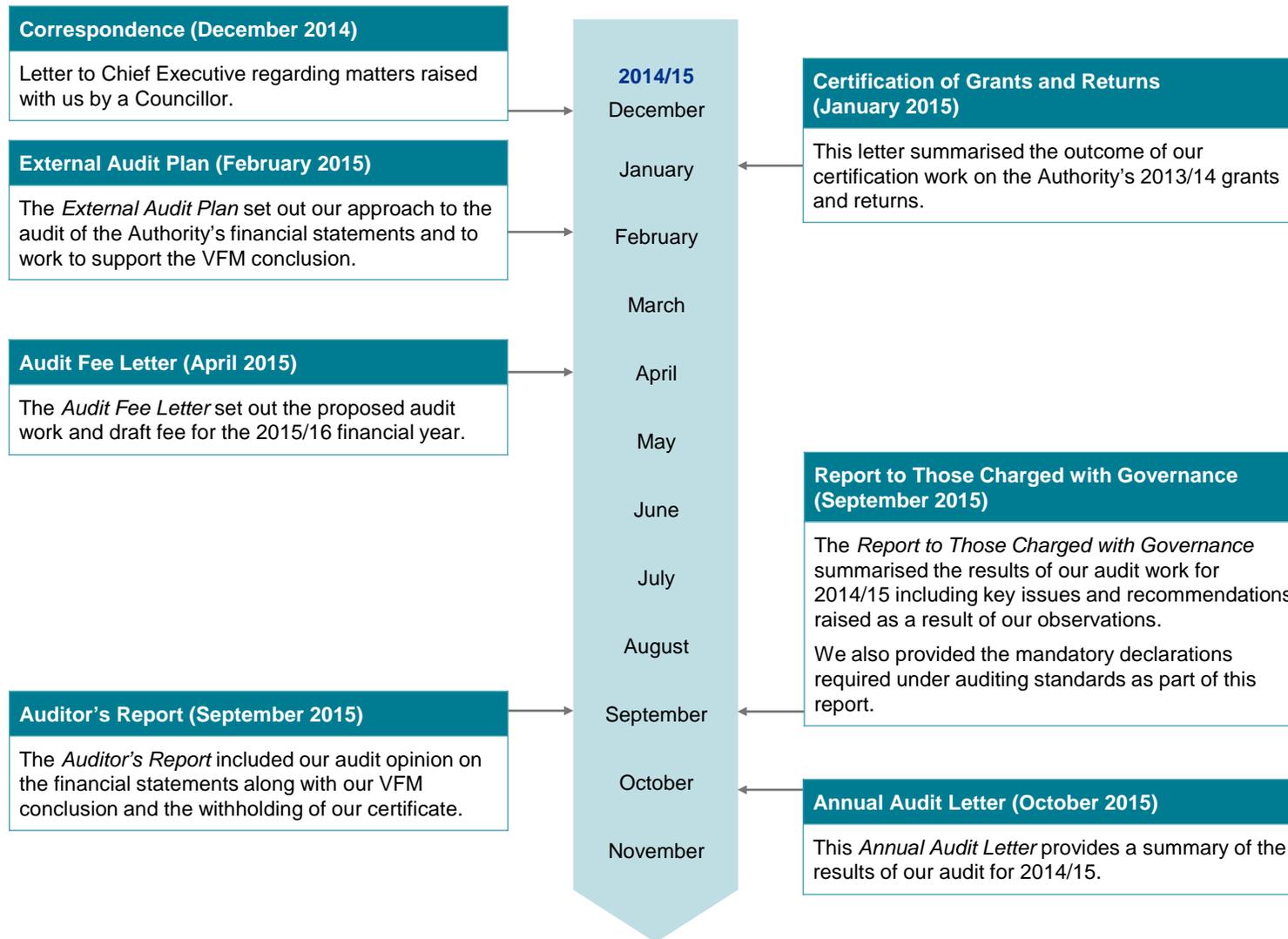
Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.

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

VFM conclusion	<p>We issued an qualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 29 September 2015. Our Auditor's Report set out the basis of the qualification, which was in relation to the Authority's arrangements for challenging how it secures economy, efficiency and effectiveness and reflects the matter reported below regarding the Oakham North Development planning application. We did not report any concerns regarding the Authority's arrangements for securing financial resilience.</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>In June 2015 the Chief Executive and Director of Resources brought to our attention significant issues relating to the Oakham North development which were relevant to our value for money conclusion. The Authority became aware in April 2015 of an administrative error in the processing of a variation to the Oakham North Development planning application first approved in 2011. The Authority failed to attach a new Section 106 agreement to the revised planning consent for the Development. The total Section 106 funding expected under the original agreement was £7.5m, although changes to the planned development since the date of the original permission meant that the maximum contribution due under the revised Section 106 agreement was likely to be £6.68m. The Authority has subsequently negotiated a contribution from the developers of £4.8m, which was accepted by the Full Council at its 14 September 2015 meeting. We have reviewed relevant background information to the 14 September 2015 report and discussed the issue with managers. We took this issue into account in qualifying our value for money conclusion.</p>
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 29 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>We reported the significant matters arising from the financial statements audit to the September 2015 Audit and Risk Committee in our Report to those Charged with Governance. We did not need to report any significant audit differences to the Committee and officers made all the expected amendments to the financial statements. We made one recommendation intended to further improve the accounts production arrangements for next year.</p>
Annual Governance Statement	<p>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.</p>
Whole of Government Accounts	<p>We carried out the mandated audit work in relation to the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. There are no matters arising from this work.</p>
Certificate	<p>We have delayed the issue of our Audit Certificate closing the audit. This is to enable us to complete our consideration of the Oakham North Development Section 106 Agreement issues in relation to our broader external audit statutory responsibilities. We will update the Authority when we are able to do so.</p>
Audit fee	<p>Our audit fee for 2014/15 was £94,179, excluding VAT (£87,138 in 2013/14). 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 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 fee for the 2014/15 audit of the Authority was £94,179. This was greater than the planned fee of £87,308 and included additional fees of:

- £1,873 relating to the work required to consider and respond to matters raised with us in the year by a Councillor.
- £4,998 for the additional work required to support our value for money conclusion. This fee is still subject to final determination by Public Sector Audit Appointments.

We are continuing to review the issues connected with the Oakham North Development Section 106 Agreement before issuing the audit certificate. The fee for this work will be in addition to the fees described above.

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 2016.

Other services

We charged £2,000 for the agreed work providing the Authority with our Accountant's Report on the 2013/14 Teachers' Pension Authority return.



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