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Annual Audit Letter 2013/14

Rutland County 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 Tony Crawley, 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 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.

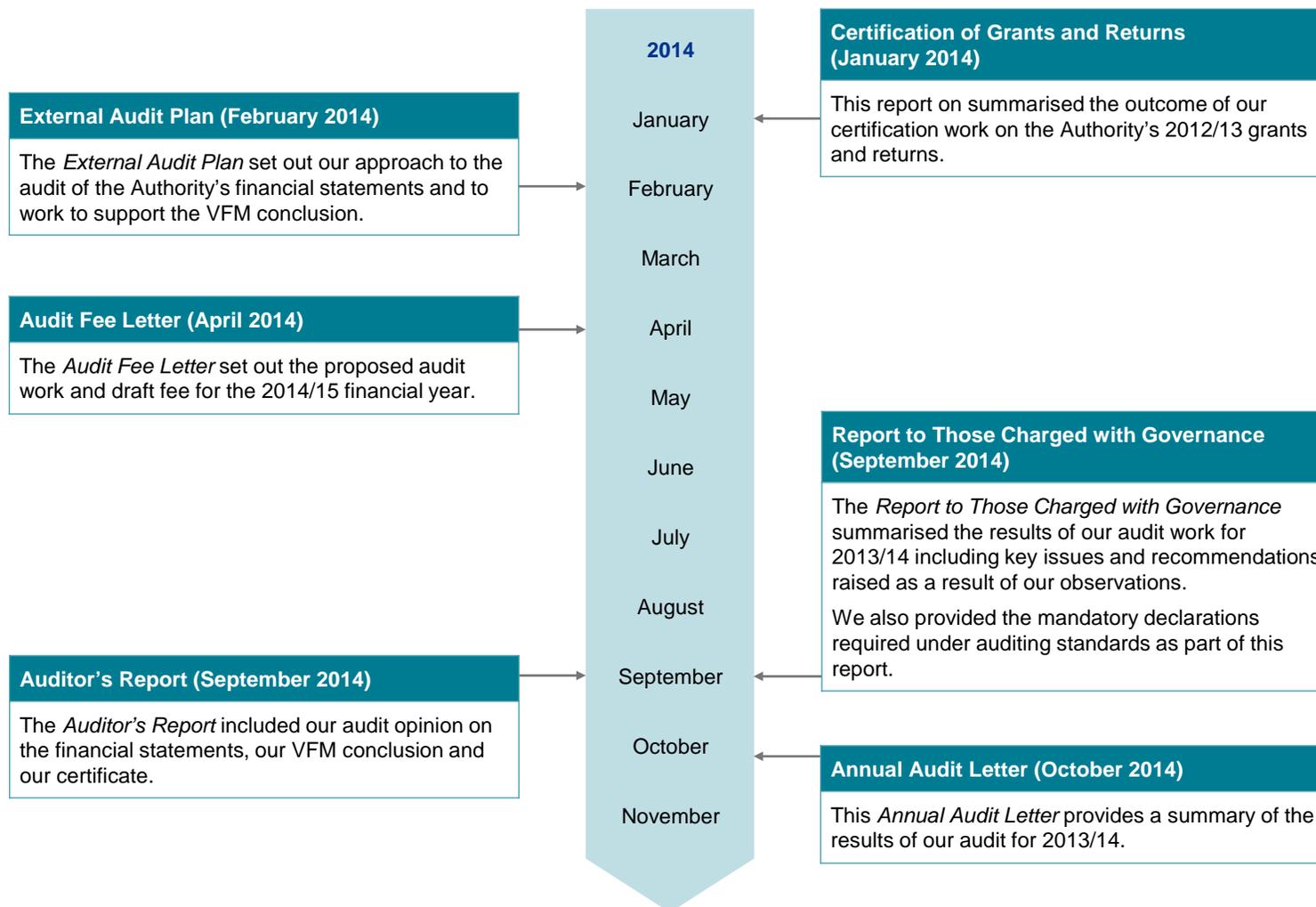
Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.

All the issues in this 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 unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 26 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>
VFM risk areas	<p>Our initial risk assessment took into account the Authority's key business risks which are relevant to our VFM conclusion. We specifically considered the actions being taken by the Authority to achieve the savings identified as required within the Medium Term Financial Strategy. The Strategy to 2018/19 included an overall savings target of £1.5m, of which £0.5m relates to 2015/16. The Authority was making good progress in developing the actions required to deliver the longer term savings required by the Strategy. We were satisfied that sufficient work in relation to this risk 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>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 26 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>We reported the significant matters arising from the financial statements audit to the 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 the quality of the accounts and supporting working papers was good.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>
Whole of Government Accounts	<p>We carried out the mandated audit work on the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We did not need to report any inconsistencies between the Authority's audited accounts and the consolidation pack to the National Audit Office.</p>
Certificate	<p>We issued our certificate on 26 September 2014.</p> <p>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>.</p>
Audit fee	<p>Our proposed fee for 2013/14 is £87,138, excluding VAT (£86,238 in 2012/13). 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 final fees for 2013/14.

To ensure openness between KPMG and your Audit and Risk 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 proposed final fee for the 2013/14 audit of the Authority is £87,138 (the 2012/13 actual fee was £86,238).

The final proposed fee compares to a planned fee of £86,238, which is the scale fee set by the Audit Commission. The reason for this variance is a £900 fee for the additional work required this year on agreeing local business rates income, following the changes introduced nationally. In previous years we have been able to rely on the work certifying the year end NNDR3 return but this is no longer in place and the Authority will not therefore be charged a certification fee for that work. The fee for the certification work in 2012/13 was £1,160. Management has agreed the £900 additional fee and the request is now subject to final determination by the Audit Commission.

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 also charged £7,000 for tax advice, reviewing the Authority's current expenses and benefits policies and drafting and submitting P11d dispensations to HMRC. This work was not related to our responsibilities under Audit Commission's *Code of Audit Practice*.



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