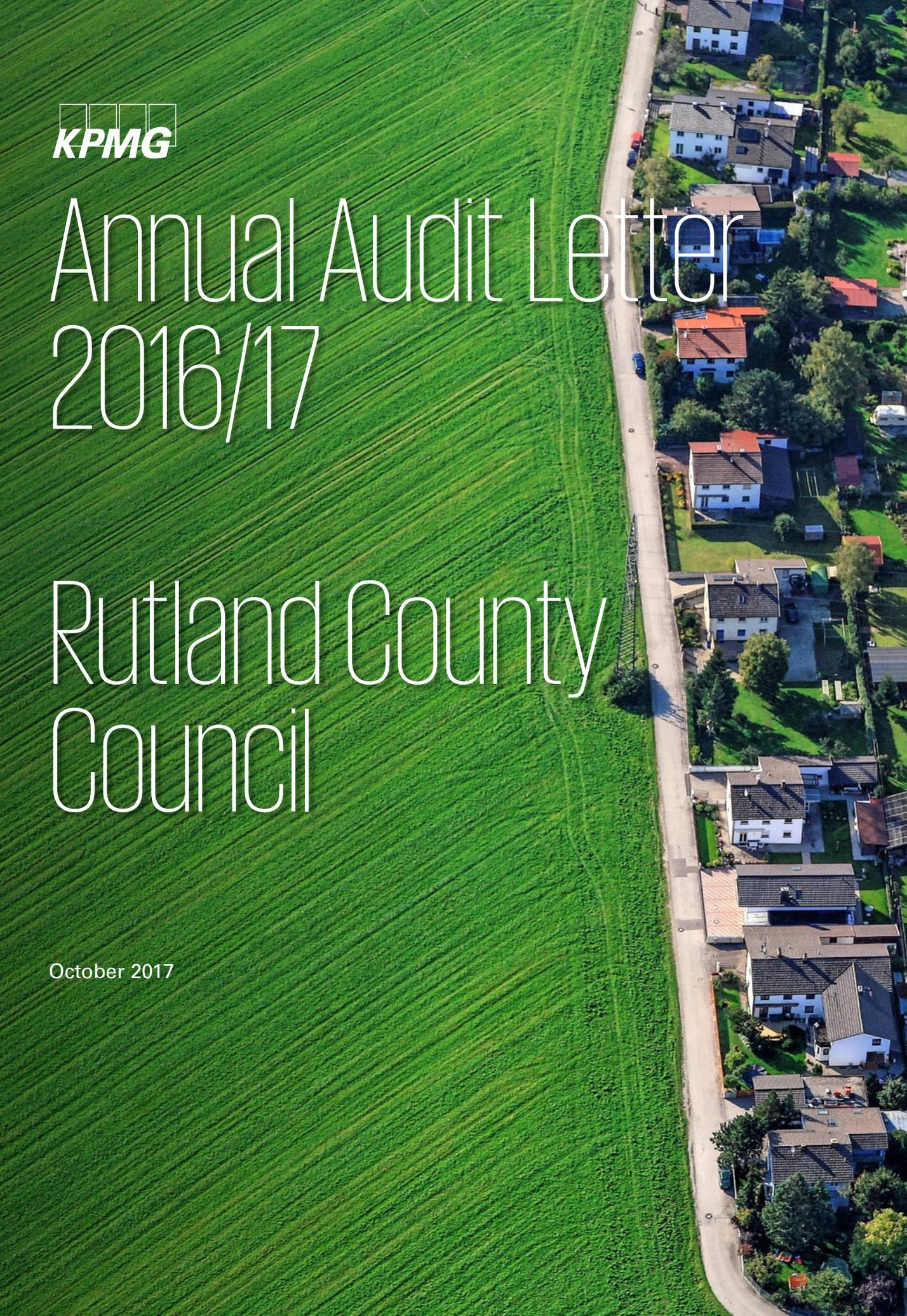




# Annual Audit Letter 2016/17

# Rutland County Council

October 2017



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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.psa.co.uk](http://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, 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.

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## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at Rutland County Council in relation to the 2016-17 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.

A summary of the reports we have issued during the year is included at Appendix 1.

### **VFM conclusion**

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016-17 on 26 September 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.

### **VFM risk areas**

We undertook a risk assessment as part of our VFM audit work and identified one area of focus, regarding your arrangements for securing financial resilience. We took account of, amongst other things, your 2016-17 outturn and your financial planning for 2017-18 and future years. The Authority reported a surplus of £326k, which was £449k lower than the £775k budgeted surplus. The main in-year cost pressures where budgets were overspent were in relation to the Children's Directorate (Early Intervention – Targeted (£0.2m variance), and Fostering/Adoption (£0.4m variance) and the Places Directorate (Waste Management (£0.2m)). These emerging and continuing cost pressures are similar to those experienced at other authorities and the base budgets and Medium Term Financial Strategy (MTFS) have been updated. The Authority set a £12.1m capital expenditure budget for 2016-17, following slippage only spent £5.3m in the year. Around £4.3m to support ongoing schemes has been carried forward to the 2017-18 capital programme and the Authority is continuing to keep progress closely under review and ensure there are sufficient resources to deliver the programme.

The Authority has set a balanced budget for 2017-18. The MTFS identifies a budget gap of up to £1.8m by 2020-21. The Authority has acknowledged the importance of it identifying sufficient savings and opportunities to generate income to bridge the forecast gap in the MTFS and intends to closely monitor the position.

### **Audit opinion**

We issued an unqualified opinion on the Authority's financial statements on 26 September 2017. 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.

### **Financial statements audit**

No material errors were identified during the audit and there were no uncorrected audit differences that we needed to report. We considered the Authority's accounting practices to be appropriate, the draft accounts were published well ahead of the deadline and the quality of supporting working papers was good.

### **Other information accompanying the financial statements**

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

### **Certificate**

We issued our certificate on 26 September 2017. The certificate confirms that we have concluded the audit for 2016-17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

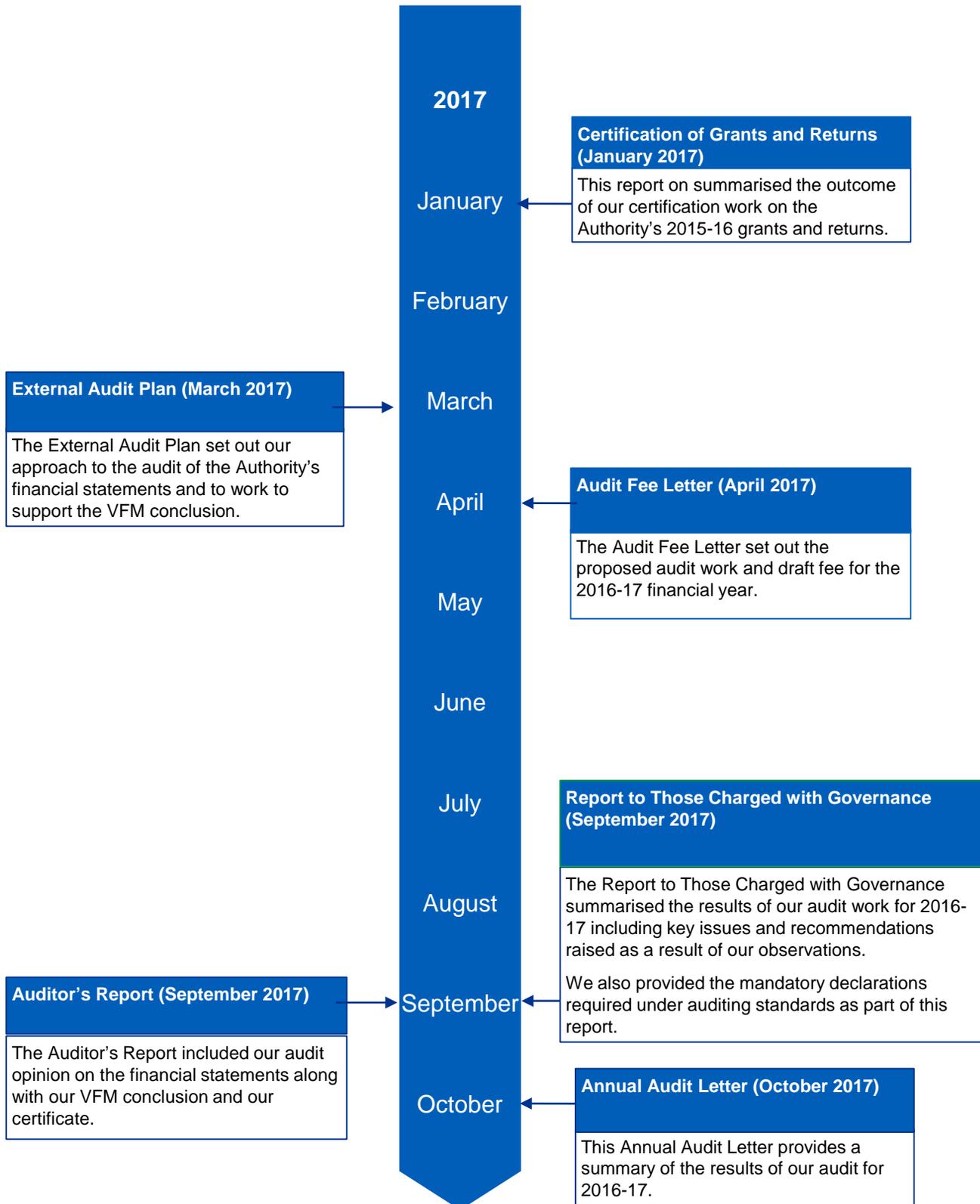
### **Audit fee**

The scale fee set by PSAA for 2016-17 was £65,481, excluding VAT. 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.



## Appendix 2

# Audit fees

This appendix provides information on our final fees for the 2016-17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016-17 planned audit fee.

### **External audit**

The scale fee set by PSAA for the 2016-17 audit of the Authority was £65,481 (excluding VAT).

### **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 indicative scale fee set by PSAA for this work is £5,385. The final fee will be confirmed through our reporting on the outcome of that work in January 2018.

### **Other services**

We charged £2,500 (excluding VAT) for the Reporting Accountant's Report on the 2015-16 Teachers Pension Agency return. This work was not related to our responsibilities under the Code of Audit Practice.

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