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# Annual Audit Letter 2013/14

Wyre Borough Council

October 2014

ITEM 8



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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](http://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 Tim Cutler, 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](mailto: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, 3<sup>rd</sup> Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto: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 Wyre Borough 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.**

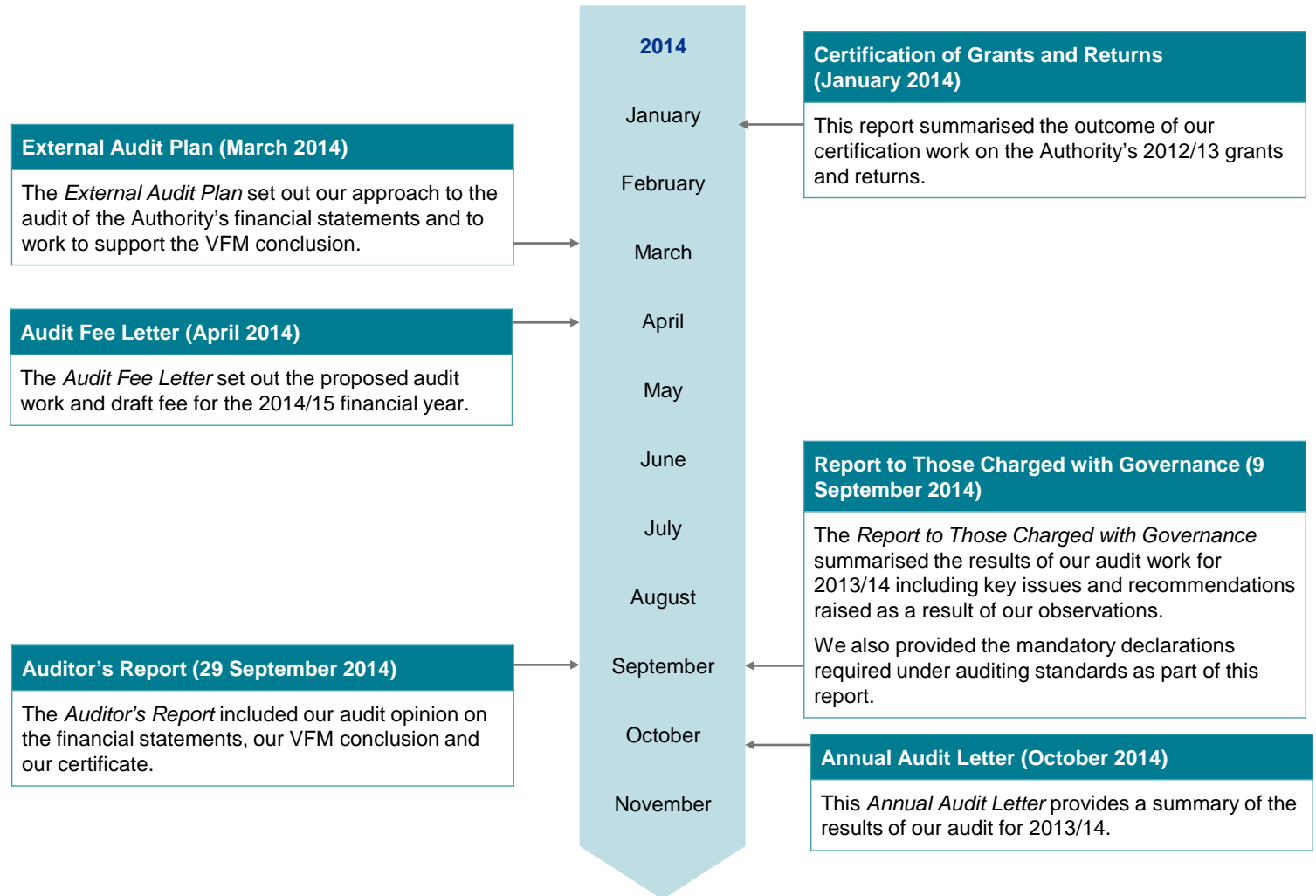
<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 29 September 2014. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, 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>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on your financial statements on 29 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>
<b>Financial statements audit</b>	<p>As a result of our audit work, we did not identify any material misstatements.</p> <p>All of the non-material audit differences we identified were adjusted by management. The most significant of these was the NNDR appeals provision for £447k which had been incorrectly included within the short term debtors balance on the balance sheet instead of provisions.</p> <p>One medium priority audit issue was identified which has been communicated to management, as follows:</p> <ul style="list-style-type: none"> <li>■ The Authority used an expert to estimate the level of it's NNDR appeals provision. Where such specialist companies are used, the Authority should ensure that the methodology is fully understood and that it can obtain sufficient evidence to support the balance.</li> </ul>
<b>Annual Governance Statement</b>	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>

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

<b>Whole of Government Accounts</b>	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. As the Authority is below the audit threshold, we are not required to undertake a full review of the consolidation pack, but we do confirm that the pension liabilities and property, plant and equipment disclosures within the Authority's pack are consistent with the audited financial statements .
<b>High priority recommendations</b>	We raised no high priority recommendations as a result of our 2013/14 audit work. The medium priority recommendation we made has been outlined on page 2.
<b>Certificate</b>	We issued our certificate on 29 September 2014.  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> .
<b>Audit fee</b>	Our fee for 2013/14 was £64,883, excluding VAT which was further reduced by the rebate of £8,756 received directly from the Audit Commission. This is £900 more than the planned fee for the year. 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*.



**This appendix provides information on our final fees for 2013/14.**

To ensure openness between KPMG and your Audit 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 final fee for the 2013/14 audit of the Authority was £64,883. This compares to a planned fee of £63,983. The reasons for this variance are:

- an increased fee for the audit of the financial statements reflecting additional costs incurred in carrying out the final accounts audit of £900 over and above our initial estimate as at April 2013. This is due to additional work we needed to undertake in relation to the collection fund balances because we are no longer required to certify the NNDR return. This is a national issue which is currently being considered as part of the 2014/15 fee consultation.

Our fees are still 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.



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