



Civic Centre,  
Arnot Hill Park,  
Arnold,  
Nottinghamshire,  
NG5 6LU

# Agenda

## Audit Committee

Date: **Tuesday 13 December 2016**

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Time: **5.30 pm**

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Place: **Committee Room**

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For any further information please contact:

**Lyndsey Parnell**

Senior Elections and Members' Services Officer

0115 901 3910

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# Audit Committee

## Membership

**Chair** Councillor Paul Feeney

**Vice-Chair** Councillor Bob Collis

Councillor Sandra Barnes  
Councillor Chris Barnfather  
Councillor Boyd Elliott  
Councillor Helen Greensmith  
Councillor Viv McCrossen

## **AGENDA**

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Report of Service Manager - Audit & Asset Management
- 7 Presentation by RSM**  
  
Overview of work to be carried out by RSM in regard of future delivery of the audit function of the Council.
- 8 Any other item which the Chair considers urgent.**

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## **MINUTES AUDIT COMMITTEE**

**Tuesday 20 September 2016**

Councillor Paul Feeney (Chair)

Councillor Bob Collis  
Councillor Chris Barnfather

Councillor Boyd Elliott  
Councillor Viv McCrossen

Apologies for absence: Councillor Sandra Barnes and Councillor Helen Greensmith

Officers in Attendance: L Parnell, A Ball and M Hill

Others in Attendance: Andrew Bush, KPMG

### **8 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS.**

Apologies for absence were received from Councillors Barnes and Greensmith, who were substituted by Councillors Bexon and Creamer.

### **9 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 21 JUNE 2016.**

#### **RESOLVED:**

That the minutes of the above meeting, having been circulated, be approved as a correct record.

### **10 DECLARATION OF INTERESTS.**

None.

### **11 PAYMENT OF COMPENSATION**

The Deputy Chief Executive and Chief Financial Officer presented a report of the Service Manager, Revenues and Benefits, which had been circulated prior to the meeting, notifying Committee of an offer of payment of compensation to a complainant as part of the settlement of their complaint.

#### **RESOLVED:**

To note the report.

### **12 KPMG ANNUAL GOVERNANCE REPORT 2015/16**

Andrew Bush of KPMG, the Council's external auditors, presented their Annual Governance Report 2015/16, which had been circulated prior to the meeting, providing headline findings and information.

**RESOLVED:**

To note the report.

**13 STATEMENT OF ACCOUNTS 2015/16**

The Deputy Chief Executive and Chief Financial Officer presented a report, which had been circulated prior to the meeting, seeking approval of the Council's Statement of Accounts for 2015/16.

**RESOLVED to:**

1. Approve the Statement of Accounts for 2015/16; and
2. Approve the letter of representation.

**14 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT.**

None.

The meeting finished at 6.05 pm

Signed by Chair:  
Date:



# Annual Audit Letter 2015/16

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Gedling Borough Council

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October 2016



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The contacts at KPMG in connection with this report are:

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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.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 Andrew Bush, 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.

## Section one

# Headlines

This Annual Audit Letter summarises the outcome from our audit work at Gedling Borough Council in relation to the 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.

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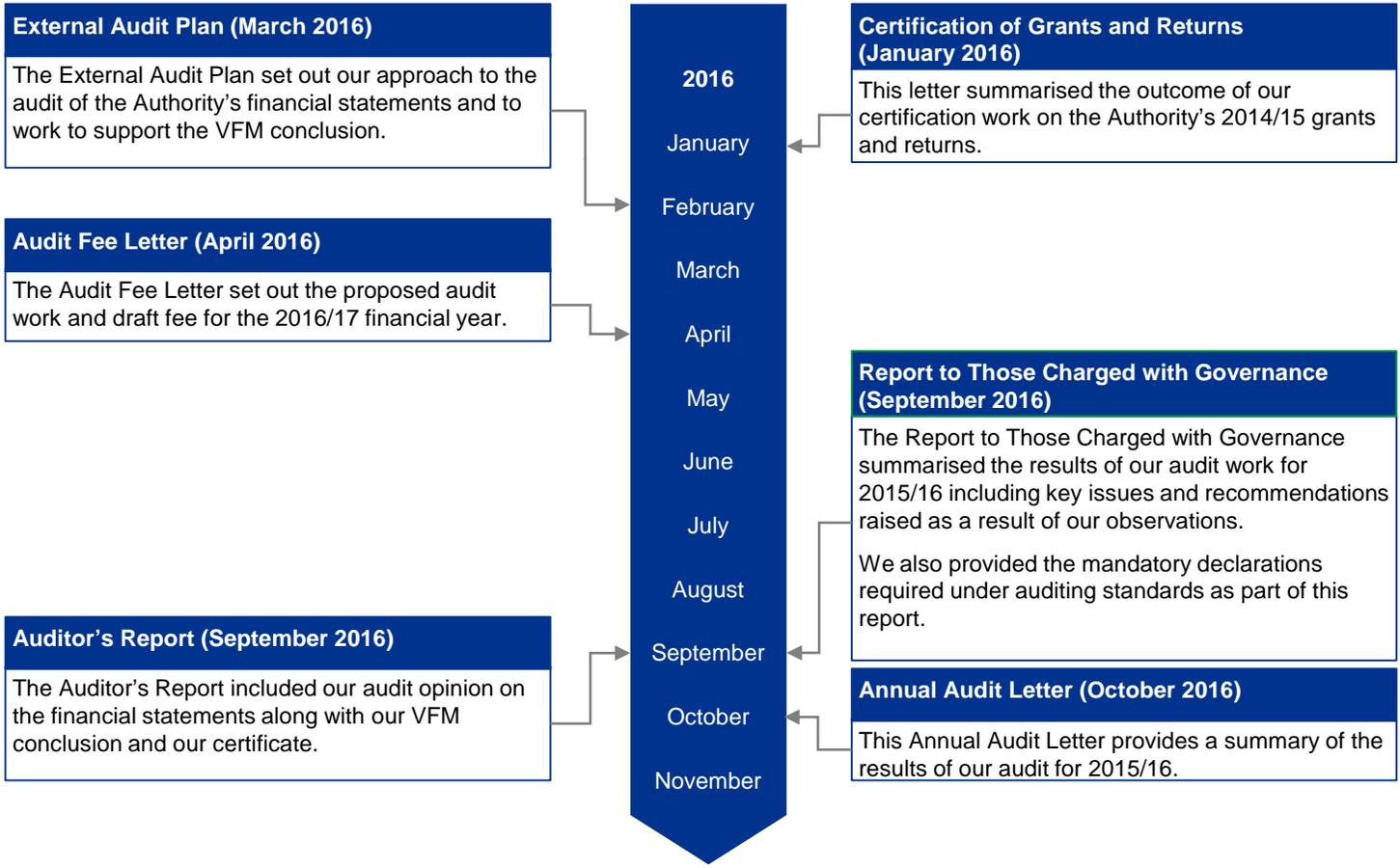
<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 28 September 2016. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.</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. Specifically, we considered the robustness of the Medium Term Financial Plan and whether assumptions around future funding and income streams are appropriate. We also considered whether the proposed budgets appropriately reflect the financial risks facing the Authority including the phasing out of the Revenue Support Grant, changes to the New Homes Bonus Scheme reforms to National Non-Domestic Rates.</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>
<b>Financial statements audit</b>	<p>We reviewed key risks to the financial statements throughout our audit. We identified the following key financial statements audit risks as part of our planning work; Pension Liability Assumptions; and NNDR Business Rates Provisions. There were no matters of any significance arising as a result of our audit work in these key risk areas.</p> <p>The Authority has good processes in place for the production of the accounts and provided a strong draft set of accounts for audit. This was supported by good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.</p> <p>We did not identify any material adjustments. The Authority made a small number of non-trivial adjustments, all of which were of a presentational nature.</p> <p>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. We did however raise one low priority recommendation in regards to further developing the Narrative Statement in 2016/17.</p>
<b>Whole of Government Accounts</b>	<p>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.</p>
<b>Certificate</b>	<p>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 &amp; Accountability Act 2014 and the Code of Audit Practice.</p>
<b>Audit fee</b>	<p>Our fee for 2015/16 was £42,570, excluding VAT, this is inline with our planned fee. 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.

These reports can be accessed via the Audit Committee pages on the Authority's website at [www.gedling.gov.uk](http://www.gedling.gov.uk).

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# Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

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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.

### External audit

Our scale fee for the audit was £42,570 plus VAT in 2015/16. This fee was in line with that highlighted within our audit plan agreed by the Audit Committee in March 2016. Under our terms of engagement with Public Sector Audit Appointments we also 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. The scale fee for certification for the HBCOUNT is £10,562 plus VAT for 2015/16.

### Other services

In May 2011 the Council engaged KPMG to provide services to assist with the recovery of VAT in respect of sports fields and related facilities. The fee was originally contingent however following our appointment as external auditor in 2012/13 was converted to an agreed fixed fee basis which was approved by Public Sector Appointments Limited (PSAA) in 2016.

2015/16 billed fees totalling £33,000, of this £30,000 was in respect of work carried out up to 31 March 2015, and £3000 to that undertaken during 2015/16. As part of this work we have assessed potential threats to our independence and associated safeguards, these are set out in more detail within our ISA 260 document.



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## **Report to Audit Committee**

**Subject: Summary of Audit Activity**

**Date: 13<sup>th</sup> December 2016**

**Author: Service Manager – Audit & Asset Management**

### **1. Purpose of the Report**

To summarise the outcome of Internal Audit activity for the period October to December 2016.

The report will highlight all final reports issued and associated key findings, concerns identified in any work in progress, details of liaison with management and External Audit and provide details of any changes to the Annual Audit Plan.

### **2. Background**

The report highlights all final reports issued and associated key findings, concerns identified in any work in progress, details of liaison with management and External Audit and provide details of any changes to the Annual Audit Plan.

### **3. Summary of Findings**

#### Final Reports Issued

There were no audit reports issued during the quarter.

#### Work in Progress

Audit fieldwork and testing has been completed for the reviews of banking, Lending & Borrowing, Payroll and Debtors. The draft reports have been circulated to management and there are no significant issues to draw to the attention of the committee.

The final reports will be submitted to the Audit Committee for consideration.

Audit fieldwork and testing has commenced for the review of Creditors. The remaining audit reviews are scheduled to be completed in the final quarter of 2016-17 and will ensure completion of the annual audit plan.

#### **4. Resource Implications**

To be delivered within existing budgets.

#### **5. Recommendation**

Members are requested to note the report.



## **Report to Audit Committee**

**Subject: Follow-up of Audit Recommendations**

**Date: 13<sup>th</sup> December 2016**

**Author: Service Manager – Audit & Asset Management**

### **1. Purpose of the Report**

To monitor departmental progress in the implementation of Internal Audit recommendations.

To identify to members where additional action needs to be considered in relation to any outstanding recommendations.

### **2. Background**

Internal Audit follow-up on the implementation of recommendations on a quarterly basis. The results of the initial follow-up are reported to the Deputy Chief Executive and Director of Finance, who requests any outstanding recommendations are actioned immediately.

Any recommendations remaining outstanding following this instruction are reported to this committee.

### **3. Summary of Findings**

There were no audit recommendations followed-up during the period October – December 2016.

### **4. Resource Implications**

To be delivered within existing budgets.

### **5. Recommendation**

Members are requested to note the report.

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