



# Annual Audit Letter 2016/17

## Gedling Borough Council

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October 2017

# Contents

## Report sections

Summary 3

## Appendices

- 1. Summary of reports issues 5
- 2. Audit fees 6

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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.

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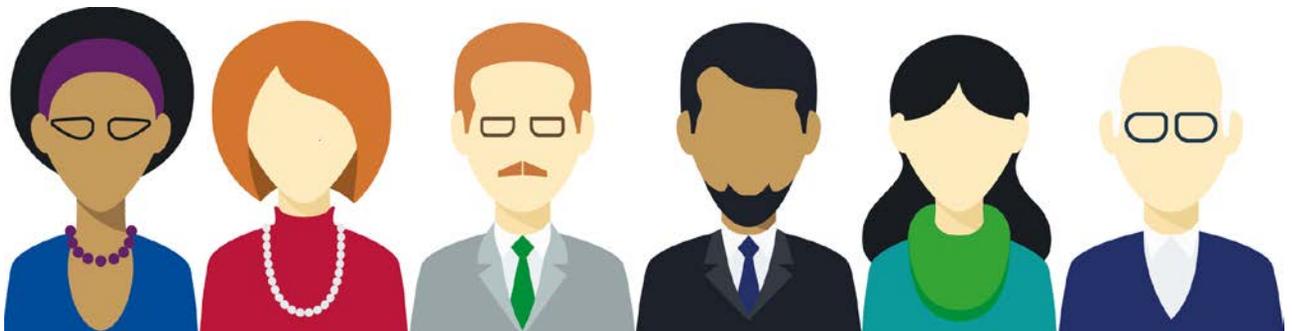
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## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at Gedling Borough 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.

### VFM conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 28 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 to make 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 to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified the following VFM risk which we reported against in our External Audit Report 2016/17.

- **Financial resilience in the local and national economy** - we reviewed the Authority's financial performance and position for the 2016/17 year, not noting any specific short term issues or concerns regarding its financial position. The Authority has a good track record of delivering savings plans to date.

The Authority has delivered its financial plan for 2016/17 and required savings for the year. Granular budget information and variances are provided to Cabinet for scrutiny, and there is transparency over the future financial challenges the Authority faces in the medium term. Most notably, the Authority is required to generate a further £1.9m of savings, and at present has not worked up detailed plans, which inherently presents a risk to achievement. The Authority is cognisant of these challenges and is subsequently driving initiatives, including a commercialism agenda, housing development and also a leisure strategy.

### Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 28 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.



## Section one

### Financial statements audit

As part of our planning work we identified one significant audit risk to the financial statements: Significant changes in the pension liability due to LGPS Triennial Valuation. There were no matters of any significance arising as a result of our audit work in this key risk areas.

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.

Based on our work we raised five recommendations, none of which were considered high priority, four were rated medium priority in regards to continuing to refresh savings plans, considering the Authority's policy for discretionary redundancy, evidencing review of pension strain costs associated with restructures, and user access and password settings for key IT systems.

We did not identify any material adjustments. The Authority made a small number of non-trivial adjustments, which were mainly of a presentational nature.

### 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 agreed a small number of minor amendments.

### Whole of Government Accounts

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.

### Certificate

We issued our certificate on 28 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.

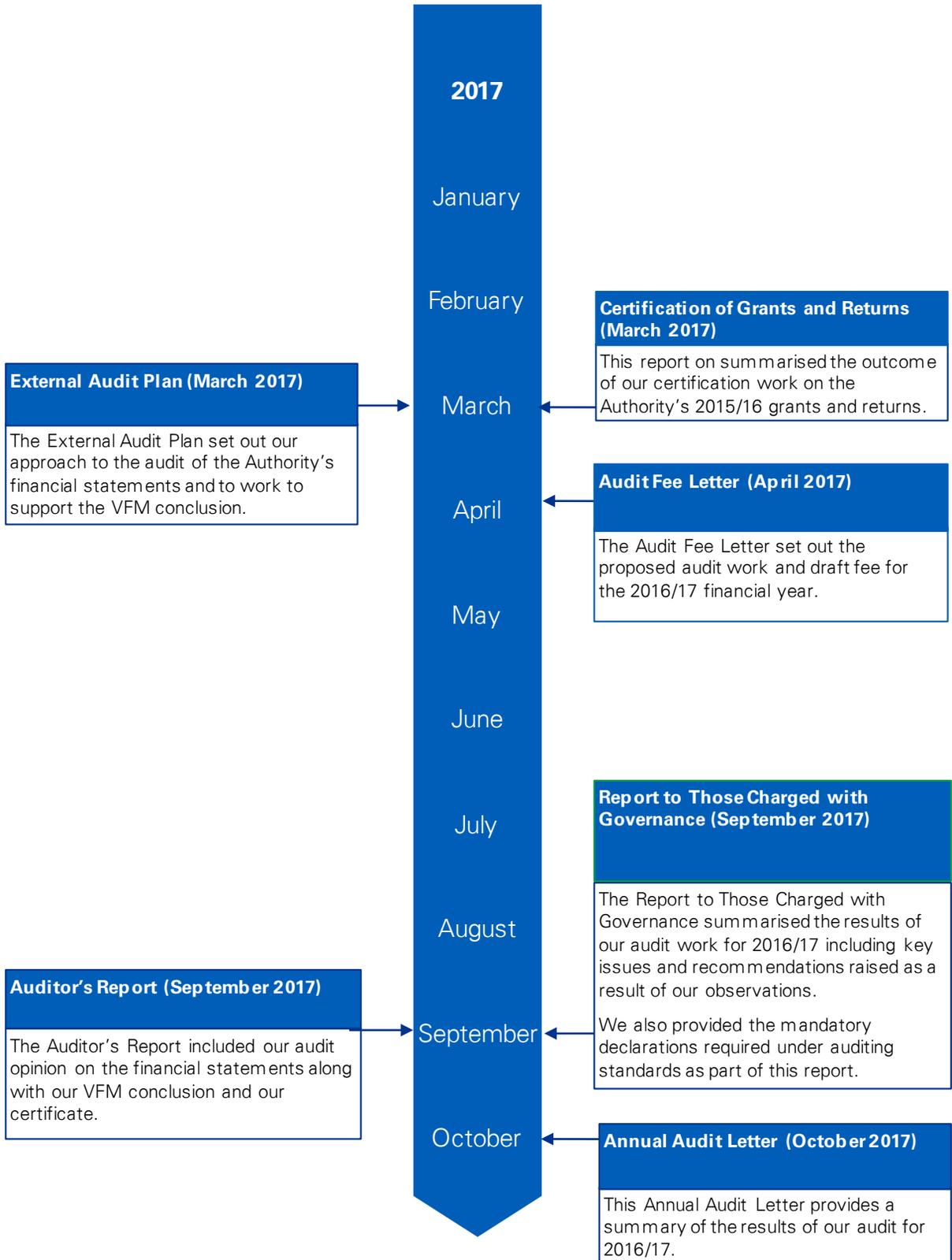
### Audit fee

Our fee for 2016/17 was £42,570, excluding VAT which is the same as the prior year. We have agreed £800 additional fee in relation to further work undertaken in year, however this is still subject to final agreement and PSAA approval. 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. These reports can be accessed via the Audit Committee pages on the Authority's website at [www.authorityname.gov.uk](http://www.authorityname.gov.uk).



## 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

Our fee for the 2016/17 audit of Gedling Borough Council was £42,570 (PY £42,570). An additional fee of £800 in relation to the work undertaken in respect of the CIES restatement has also been discussed with the Authority and is subject to final determination by Public Sector Audit Appointments.

### 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 2018. The planned fee however is £10,313 (PY £10,562).

### 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 of which £33k had been billed up to 2015-16). There have been no fees billed for 2016/17.

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