



# Annual Audit Letter 2015/16

**Spelthorne Borough Council**

October 2016

# Contents

The contacts at KPMG in connection with this report are:

Neil Hewitson  
Director  
KPMG LLP (UK)

Tel: + 44 (0) 790 999 1009  
Neil.Hewitson@kpmg.co.uk

Paul Henson  
Manager  
KPMG LLP (UK)

Tel: + 44 (0) 799 056 9252  
Paul.Henson@kpmg.co.uk

Page

## Report sections

— Headlines 3

## Appendices

1. Summary of reports issues 5

2. Audit fees 6

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 Neil Hewitson, 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.

This Annual Audit Letter summarises the outcome from our audit work at Spelthorne Borough Council in relation to the 2015/16 financial year.

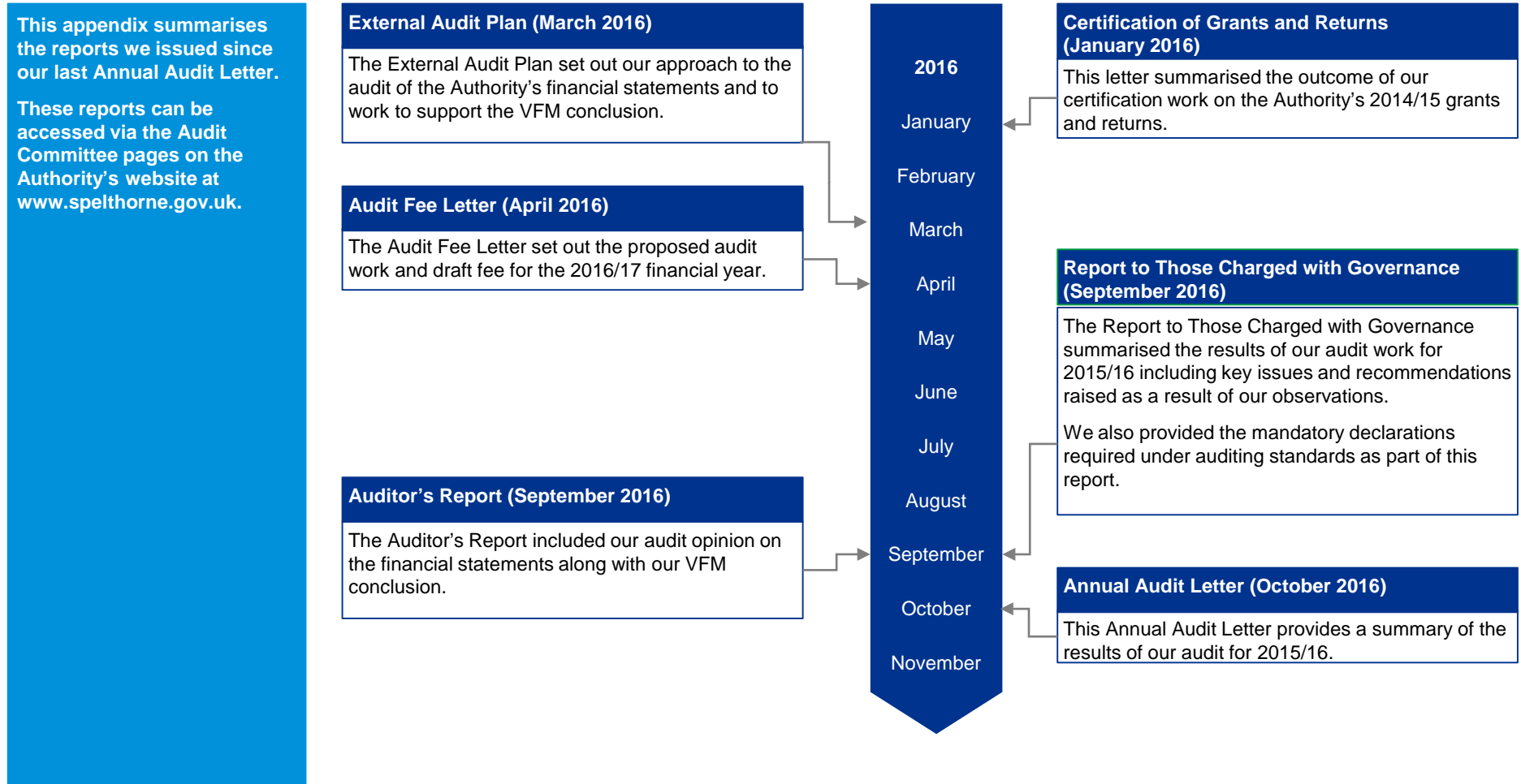
Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

|  |  |
|--|--|
| <p><b>VFM conclusion</b></p>             | <p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 30 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.</p>  |
| <p><b>VFM risk areas</b></p>             | <p>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.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> <li>— The Authority is operating in a challenging financial environment. It is important that financial monitoring and forecasting processes are robust. This enables effective decision making and sustainable resource deployment. In response we reviewed the Authority's process for monitoring financial outturn against budget; and the process for preparing the Medium Term Financial Strategy. Our procedures did not identify any issues to report.</li> </ul> |
| <p><b>Audit opinion</b></p>              | <p>We issued an unqualified opinion on the Authority's financial statements on 30 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>   |
| <p><b>Financial statements audit</b></p> | <p>We did not identify any material misstatements during our financial statements audit. We found that:</p> <ul style="list-style-type: none"> <li>— The accounts were well prepared and provided to us in accordance with the Department of Communities and Local Government (DCLG) deadline;</li> <li>— Progress has been made in implementing the recommendation we raised in our 2014/15 audit; and</li> <li>— We did not identify any significant control deficiencies or audit misstatements as a result of our work.</li> </ul>   |

We have issued our certificate to confirm the completion of our audit responsibilities for the 2015/16 audit year.

|  |  |
|--|--|
| <b>Other information accompanying the financial statements</b> | 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. |
| <b>Whole of Government Accounts</b>                            | 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.                                    |
| <b>Recommendations</b>   | We raised one medium priority and two low priority recommendations as a result of our 2015/16 audit work. We will formally follow up these recommendations as part of our 2016/17 work.  |
| <b>Certificate</b>   | We issued our certificate on 30 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.   |
| <b>Audit fee</b>   | Our fee for 2015/16 was £48,128 plus VAT. This fee was in line with that highlighted within our audit plan presented to Management in March 2016. Our other fees were £7,102 plus VAT for the housing benefits grant claim. Further detail is contained in Appendix 2.   |

# Appendix 1: Summary of reports issued



# Appendix 2: Audit fees

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

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 final fee for the 2015/16 audit of Spelthorne Borough Council was £48,128 plus VAT, which is in line with the planned fee.

### 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. Our fees for other grants and claims were £7,102 plus VAT for housing benefits.

### Other services

We did not charge any additional fees for other services.



[kpmg.com/socialmedia](https://kpmg.com/socialmedia)



[kpmg.com/app](https://kpmg.com/app)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

KPMG LLP is multi-disciplinary practice authorised and regulated by the Solicitors Regulation Authority. For full details of our professional regulation please refer to 'Regulatory Information' at [www.kpmg.com/uk](http://www.kpmg.com/uk)

The KPMG name and logo are registered trademarks or trademarks of KPMG International.