

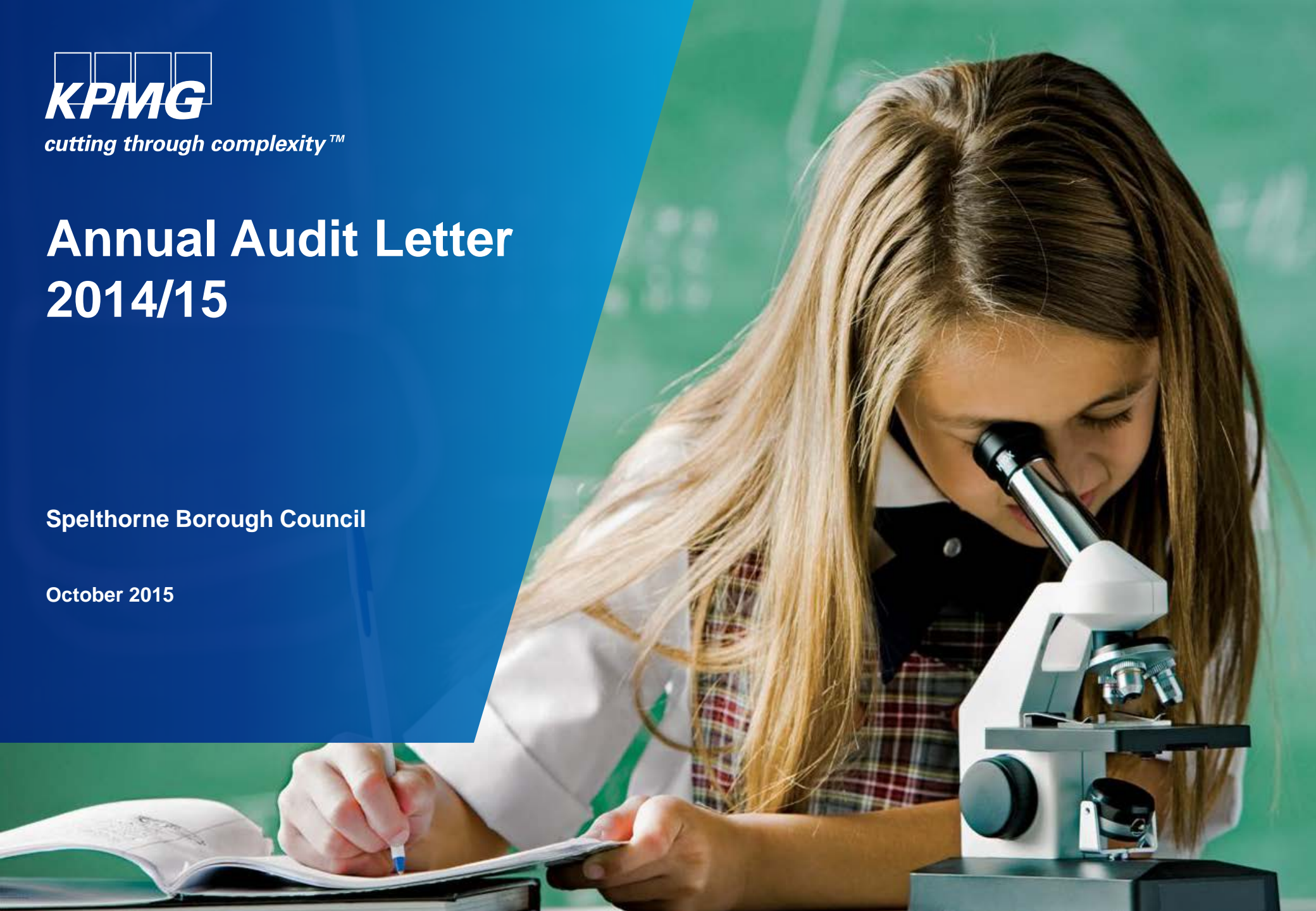


cutting through complexity™

Annual Audit Letter 2014/15

Spelthorne Borough Council

October 2015



The contacts at KPMG in connection with this report are:

Neil Hewitson

Director,
KPMG LLP

Tel: +44 20 73111791
Neil.Hewitson@kpmg.co.uk

Grant Slessor

Manager,
KPMG LLP

Tel: +44 20 73113849
Grant.Slessor@kpmg.co.uk

Report sections

- Headlines

Appendices

1. Key issues and recommendations
2. Summary of reports issued
3. Audit fees

Page

2

3

4

5

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 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).

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, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@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, 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 report summarises the key findings from our 2014/15 audit of Spelthorne 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 2014/15 financial statements and the 2014/15 VFM conclusion.

We provide a summary of our key recommendations in Appendix 1.

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 2.

VFM conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 28 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness. To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.
Audit opinion	We issued an unqualified opinion on the Authority's financial statements on 28 September 2015. 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	The Authority continues to operate a sound financial reporting process and the draft accounts provided were of a good standard. Our audit identified two adjustments other than those that were clearly trivial.
Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.
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.
High priority recommendations	We raised one high priority recommendations as a result of our 2014/15 audit work. This is detailed in Appendix 1 together with the action plan agreed by management. We will formally follow up this recommendation as part of our 2015/16 work. One recommendation from our ISA 260 report 2013/14 remains outstanding and the Authority have agreed to action this in 2015/16.
Certificate	We issued our certificate on 28 September 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our fee for 2014/15 was £64,170, excluding VAT. Further detail is contained in Appendix 3.

This appendix summarises the high priority recommendations that we identified during our 2014/15 audit, along with your responses to them.

Lower priority recommendations are contained, as appropriate, in our other reports, which are listed in Appendix 2.

We held a debrief meeting with the Assistant Chief Executive in September 2015 to discuss the learning points from this year's audit, including minor issues that we have not formally reported.

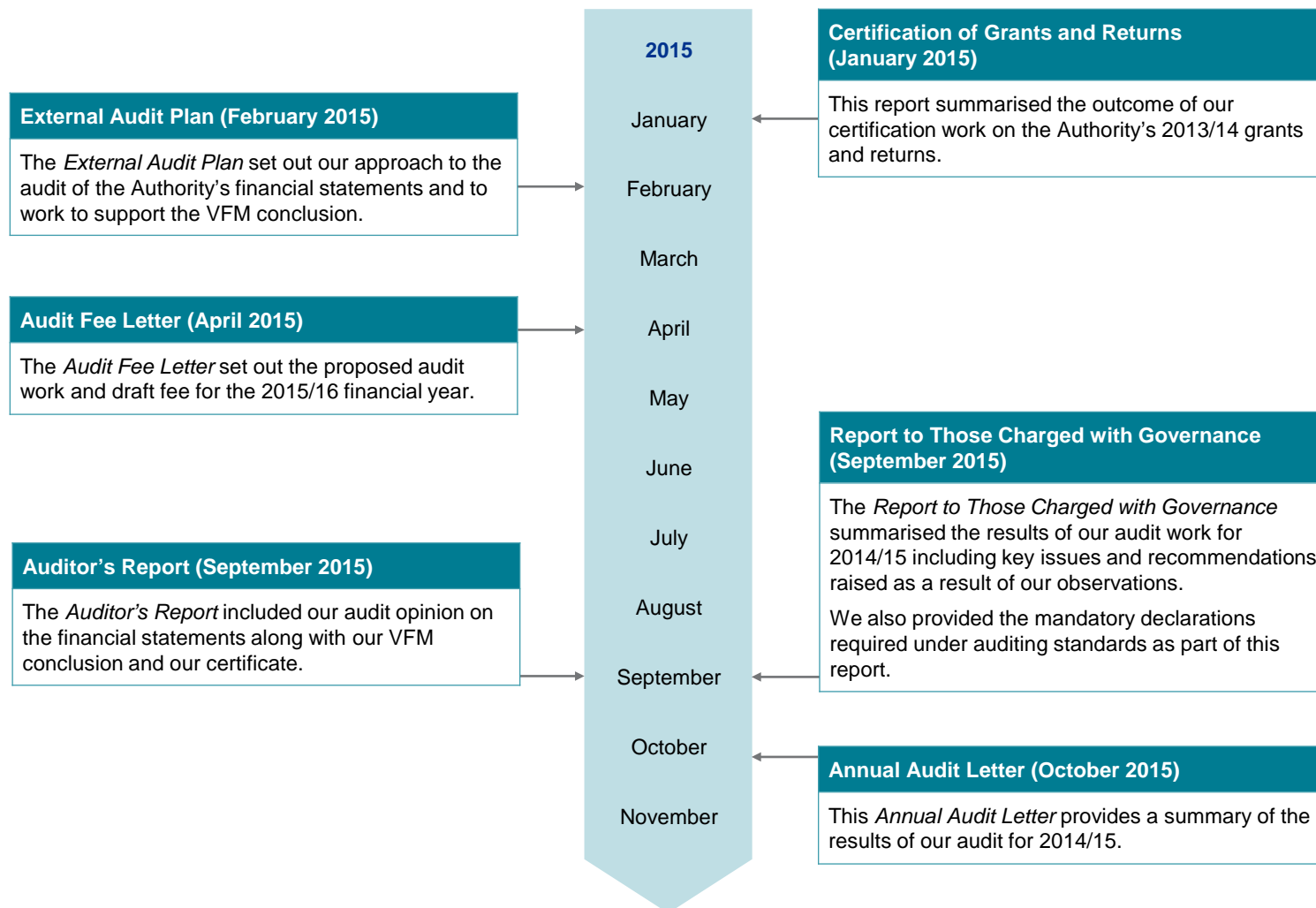
No.	Issue and recommendation	Management response / responsible officer / due date
1	<p>Compliance with Council Policy</p> <p>Following a recent investigation, concerns were raised about potential non-compliance with Council policy following negotiations over a proposed asset disposal. Whilst the investigation concluded no further legal action was required, the Council should reiterate the importance of compliance with its internal processes and code of conduct to ensure that they are adhered to at all times.</p>	<p>Agreed.</p> <p>The Council will reiterate to officers and councillors the importance of compliance with internal processes and codes of Conduct.</p> <p>Responsible Officers: Management Team and Head of Corporate Governance.</p> <p>Due Date: 31 March 2016.</p>

Follow up of previous recommendations

As part of our audit work we followed up on the Authority's progress against previous audit recommendations. One recommendation remains outstanding. This was not a high priority recommendation and the Authority have agreed to implement this during 2015/16.

Appendix 2: 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 the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit of the Authority was £64,170, 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. The final fee will be confirmed through our reporting on the outcome of that work in January 2016.

Other services

We did not charge any additional fees for other services.



cutting through complexity™

© 2015 KPMG LLP, a UK public limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).