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Annual Audit Letter 2013/14

Harborough District Council

October 2014



The contacts at KPMG in connection with this report are:

Tony Crawley

Director

Tel: 0116 256 6067

tony.crawley@kpmg.co.uk

Richard Walton

Manager

Tel: 0115 945 4471

richard.walton@kpmg.co.uk

Sundeep Gill

Assistant Manager

Tel: 0116 256 6062

sundeep.gill@kpmg.co.uk

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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.

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 Tony Crawley, 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, 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, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to 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 Harborough District 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.

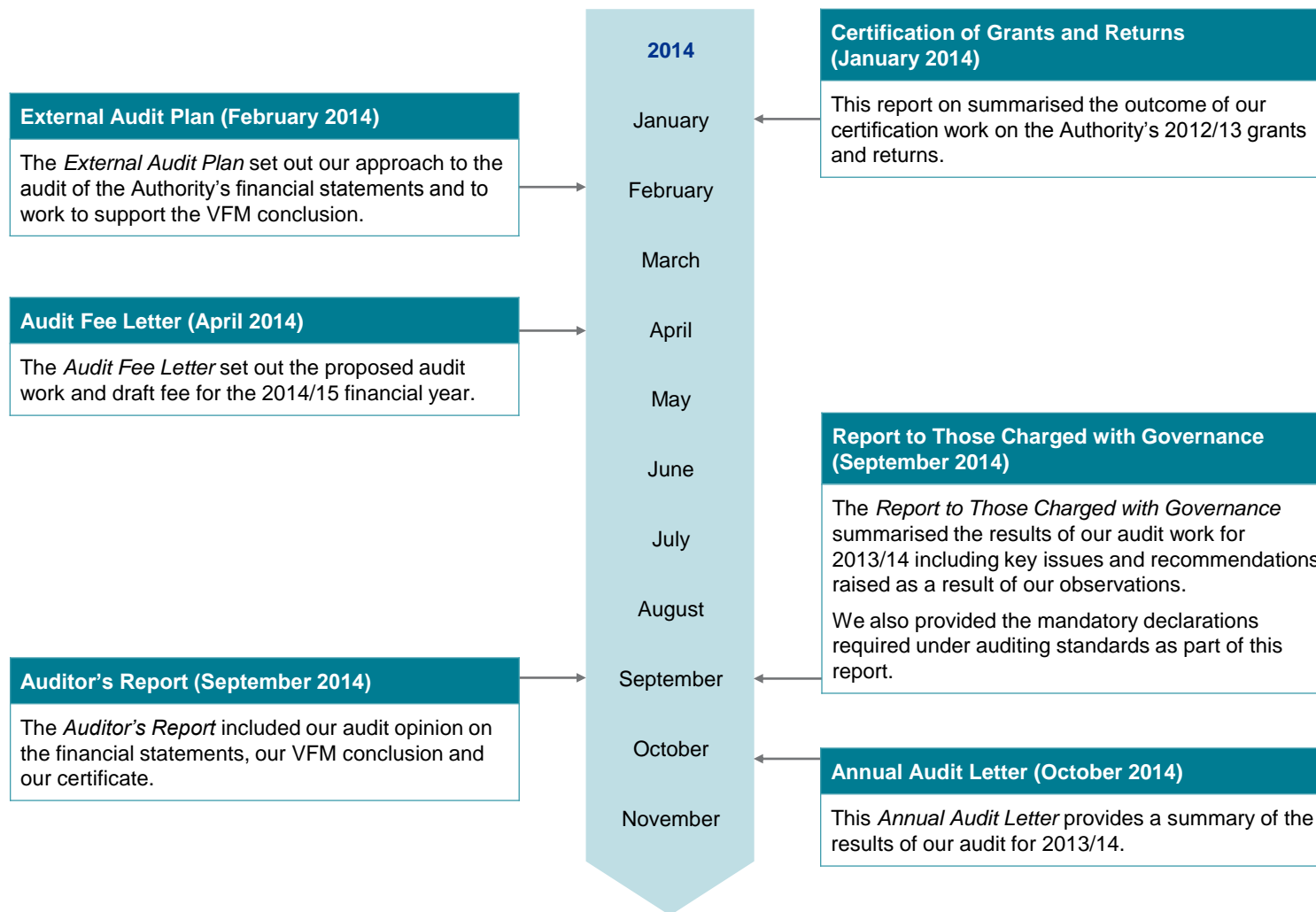
Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.

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

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 26 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>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 26 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>
Financial statements audit	<p>The Authority has good processes in place for the production of the accounts, we noted that following a more thorough internal review process there was an overall improvement in the quality of the accounts this year. The Authority has built upon the improvements made last year addressing the recommendations raised in last year's ISA 260 report.</p> <p>The Authority's organisational control environment is effective overall, and we have not identified any significant weaknesses in controls over key financial systems. However we have noted that the bank reconciliations had not been completed on a monthly basis. Despite this the finance team have worked hard to complete the year end bank reconciliation to ensure the year end financial statements reflected an accurate position.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>
Certificate	<p>We issued our certificate on 26 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>.</p>
Audit fee	<p>Our final proposed fee for 2013/14 is £55,882, excluding VAT. 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*.



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

To ensure openness between KPMG and your Governance and 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 proposed final fee for the 2013/14 audit of the Authority is £55,882 (the 2012/13 actual fee was £54,982).

The final proposed fee compares to a planned fee of £54,982, which is the scale fee set by the Audit Commission. The reason for this variance is a £900 fee for the additional work required this year on agreeing local business rates income, following the changes introduced nationally. In previous years we have been able to rely on the work certifying the year end NNDR3 return, but this is no longer in place, and the Authority will not therefore be charged a certification fee for that work. The fee for the certification work in 2012/13 was £760 (we were able to apply a reduced testing option that year). Management has agreed the £900 additional fee and the request is now 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 early 2015.

Other services

We have not carried out or charged for any other services which are not related to our responsibilities under Audit Commission's *Code of Audit Practice*.



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