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Annual Audit Letter 2013/14

South Holland District Council

October 2014



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Report sections

- Headlines

Appendices

1. Summary of reports issued
2. Audit fees

Page

2

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 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 Neil Bellamy, 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 South Holland 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.

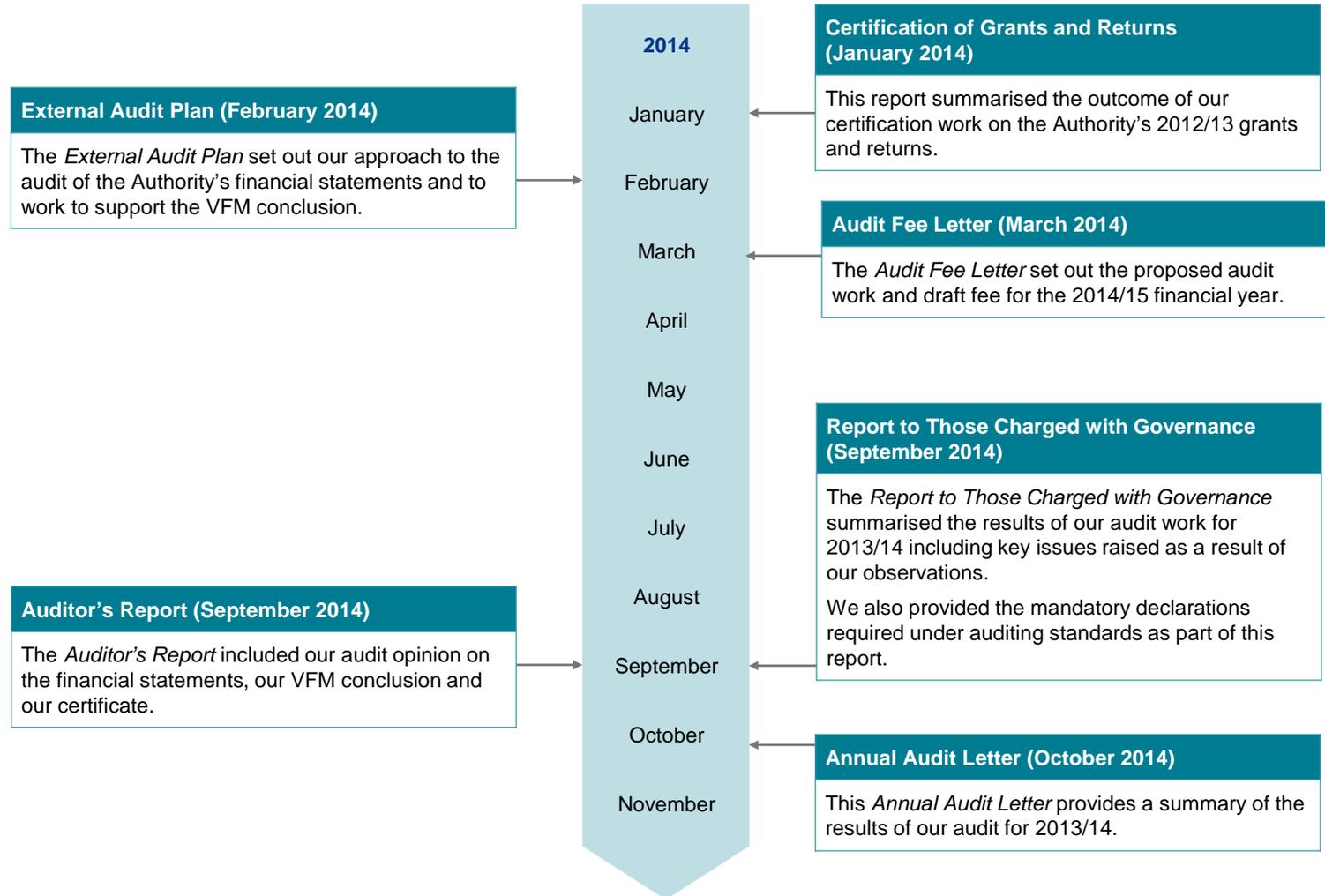
Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.

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.</p>
VFM risk areas	<p>We identified a single specific risk to our VFM conclusion and considered the arrangements you have put in place to mitigate this. We critically assessed the controls the Authority has in place to ensure sound financial standing and reviewed how the Authority is planning and managing its savings plans.</p> <p>We concluded that we did not need to carry out additional work for this risk as there was sufficient relevant work that had been completed by the Authority in relation to this risk area.</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>We identified no issues in the course of the audit that are considered to be material.</p> <p>The Authority has robust processes in place for the production of the accounts and has built upon the improvements made last year. We noted that the Authority has maintained a thorough internal review process resulting in the draft set of accounts and accompanying working papers being of an excellent quality.</p> <p>Officers were proactive in dealing with audit queries throughout the audit process meaning responses were timely and of a good standard resulting in fewer follow-up queries. The above factors facilitated a smooth audit process which has been completed within the planned timescales.</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.</p> <p>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 fee for 2013/14 was £59,382, excluding VAT. This includes an increase of £900 for additional work required in regards to the accounting entries for NNDR due to the removal of certification requirements of the NNDR3 return. 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

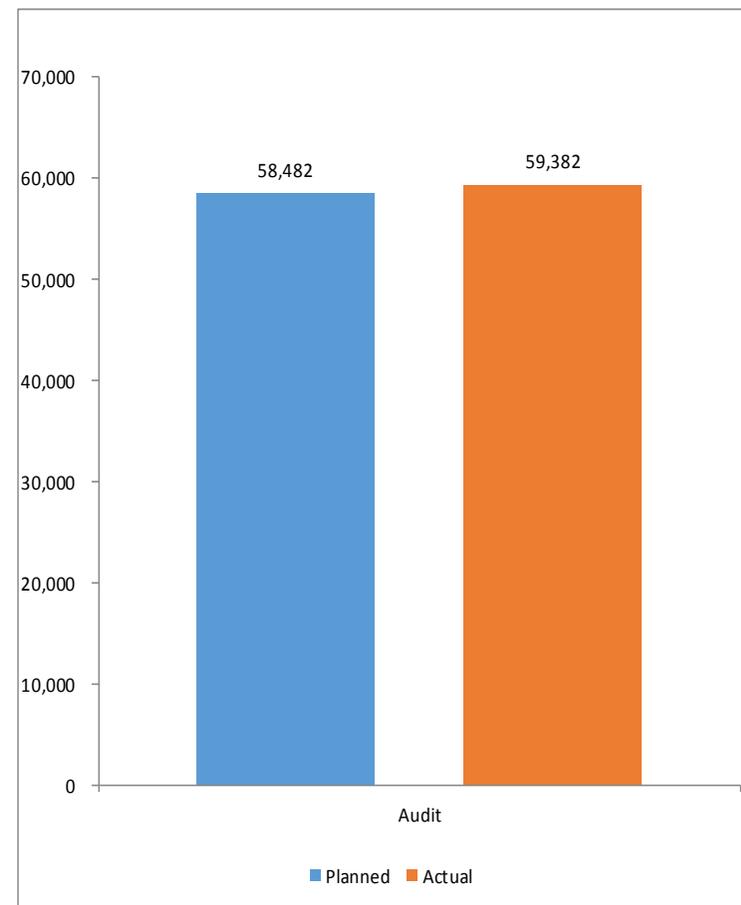
Our final fee for the 2013/14 audit of the Authority was £59,382. This compares to a planned fee of £58,482. The reason for this variance is:

- an additional fee of £900 to cover extra work undertaken on National Non Domestic Rates (NNDR). To deliver our 2013/14 audit opinion there were two elements of our work that we have previously carried out while certifying LA01 (the NNDR3 return to government), and relied upon for our opinion audit. In 2013/14, as a result of there being no certification of the NNDR3 return, we have had to carry out this work as additional procedures to our opinion audit. This is offset by there no longer being a separate certification fee for the NNDR3 return.

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 January 2015.

External audit fees 2013/14 (£)





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