



# Annual Audit Letter 2016/17

Reigate and Banstead Borough Council

—

October 2017



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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. 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.psa.co.uk](http://www.psa.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.

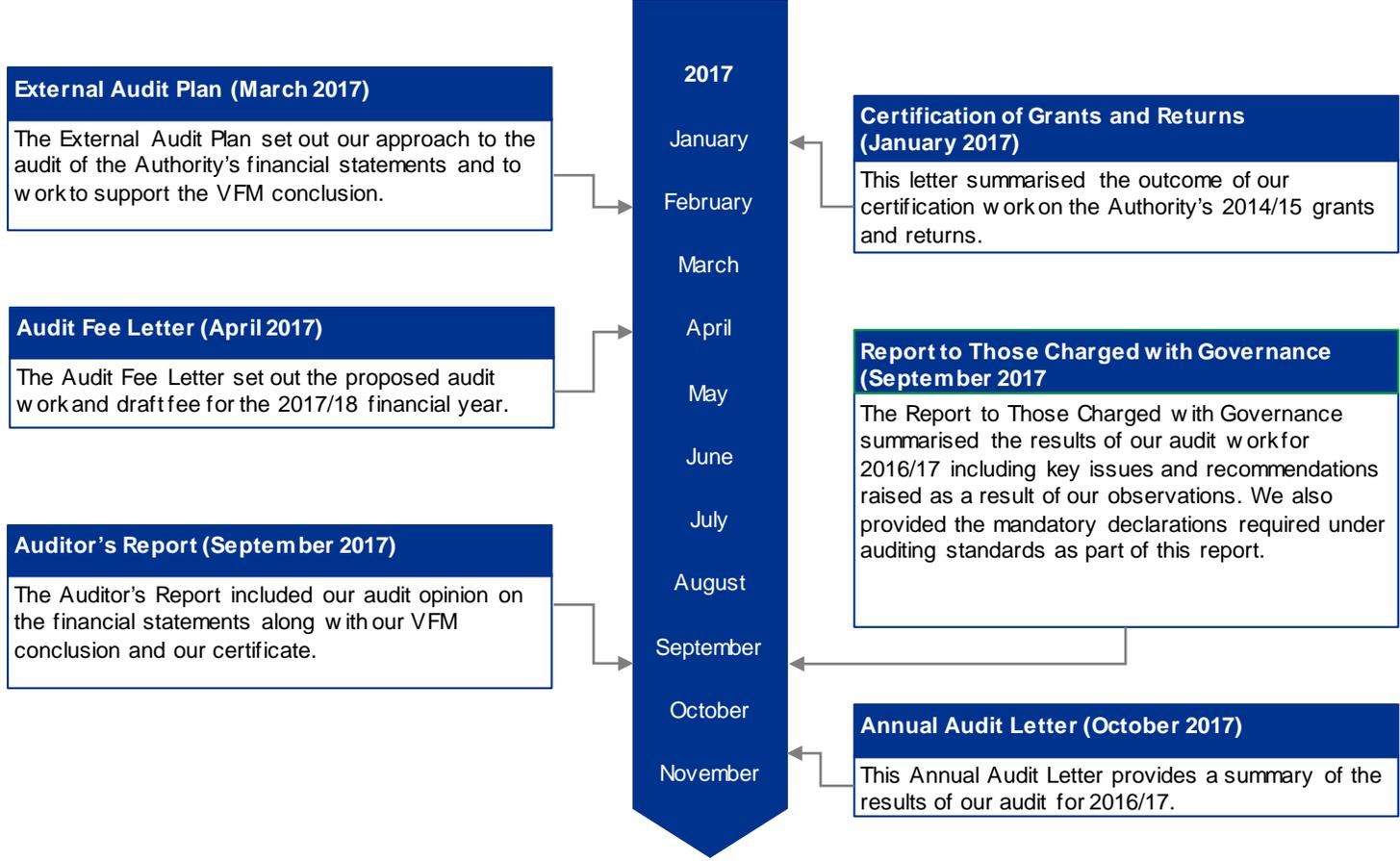
We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Joanne Lees, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your 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, SW 1P 3HZ.

<p><b>This Annual Audit Letter summarises the outcome from our audit work at Runcyede Borough Council in relation to the 2016/17 audit year.</b></p> <p><b>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.</b></p>	<p><b>VFM conclusion</b></p> <p><b>Audit opinion</b></p> <p><b>Financial statements audit</b></p> <p><b>Other information accompanying the financial statements</b></p> <p><b>Certificate</b></p> <p><b>Audit fee</b></p>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 21 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.</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>We issued an unqualified opinion on the Authority's financial statements on 21 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. The financial statements also include the Authority's Group, which consists of the Authority itself and its consolidated subsidiaries; Greensand Holding LLP; Pathway for Care Limited; and Horley Business Park Development LLP.</p> <p>Our financial statements audit identified:</p> <ul style="list-style-type: none"> <li>— 14 audit errors that were above our trivial threshold, of which 6 were adjusted by the Authority. These relate to disclosure amendments for example financial instruments and construction contracts; s106 income and expenditure, and short and long term investments on the balance sheet. The remaining 8 audit differences have not been adjusted by the Authority. The unadjusted errors primarily relate to the areas of cash, income and expenditure, creditors and other land and buildings. Of the 14 errors, 3 are in excess of our materiality threshold of £2m, and all of these errors have been adjusted by the Authority.</li> <li>— 4 control weaknesses for which we have raised recommendations to the Authority. These related to the preparation of the Authority's bank reconciliation; the cut off and accrual of expenditure transactions; review of Council Tax reconciliations and transactional processing. None of these were rated as high priority. All of these were accepted by the Authority.</li> </ul> <p>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.</p> <p>We issued our certificate on 21 September 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit &amp; Accountability Act 2014 and the Code of Audit Practice.</p> <p>Our fee for 2016/17 was £48,812, excluding VAT. (2015/16: £48,812 excluding VAT). This was consistent with our planned fee for the year set out in our <i>External Audit Plan 2016/17</i>. Further detail is contained in Appendix 2.</p>
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# 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 and Standards Committee pages on the Authority's website.



# 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 final fee for the 2016/17 audit of the Authority was £48,812 excluding VAT (2015/16: £48,812 excluding 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. The scale fee for this work is £12,079 (2015/16: £12,079). The final fee will be confirmed through our reporting on the outcome of that work in January 2018.

### Other services

During 2016/17 KPMG also provided non audit fee services totalling £11,100 excluding VAT. Of this, £2,600 was for the provision of a tax helpline; £1,500 was in relation to VAT advice provided for a property acquisition, and £7,000 was in relation to an HMRC appeal with regards to off street parking.



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