

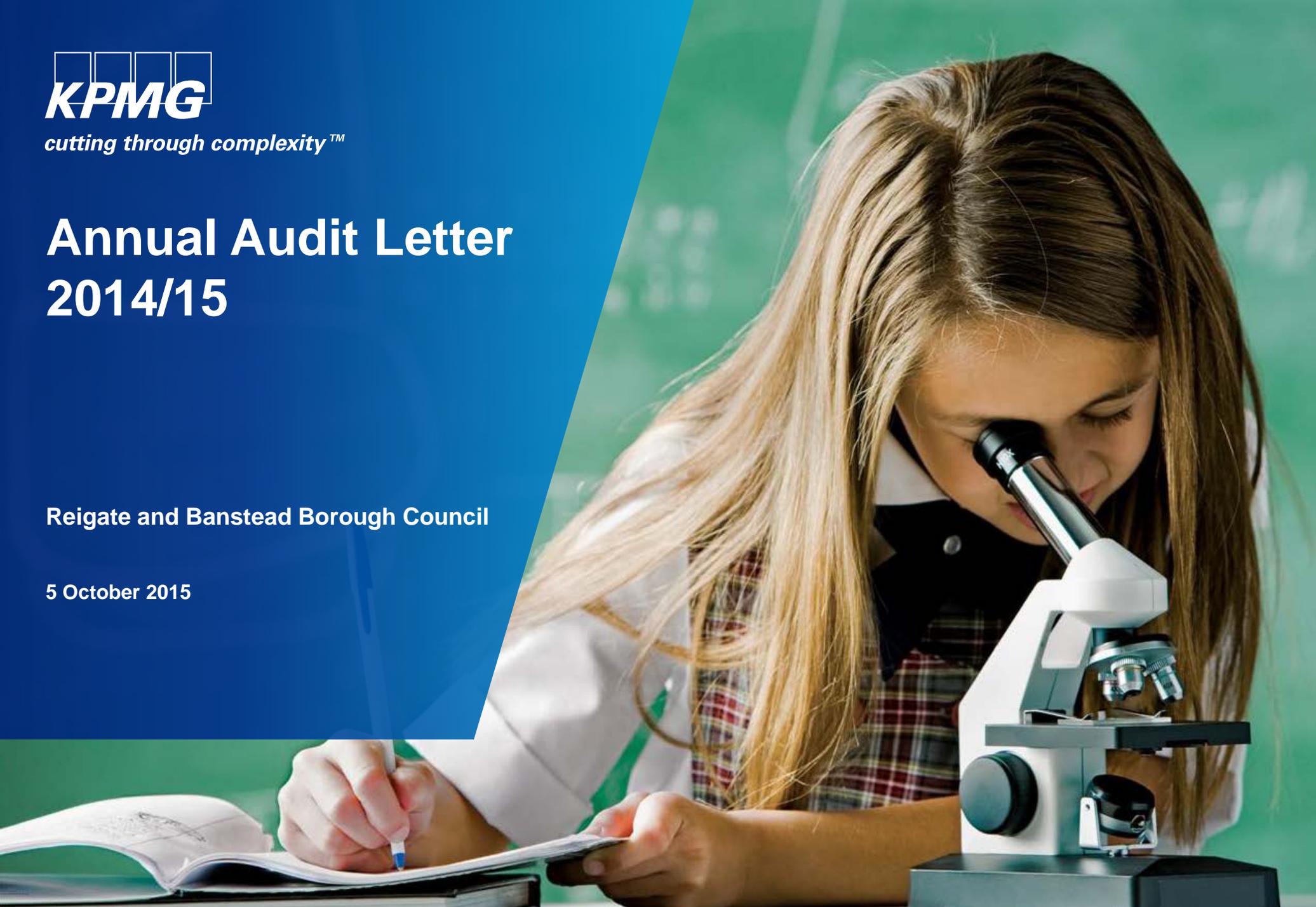


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Annual Audit Letter 2014/15

Reigate and Banstead Borough Council

5 October 2015



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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 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).

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 Reigate and Banstead 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.

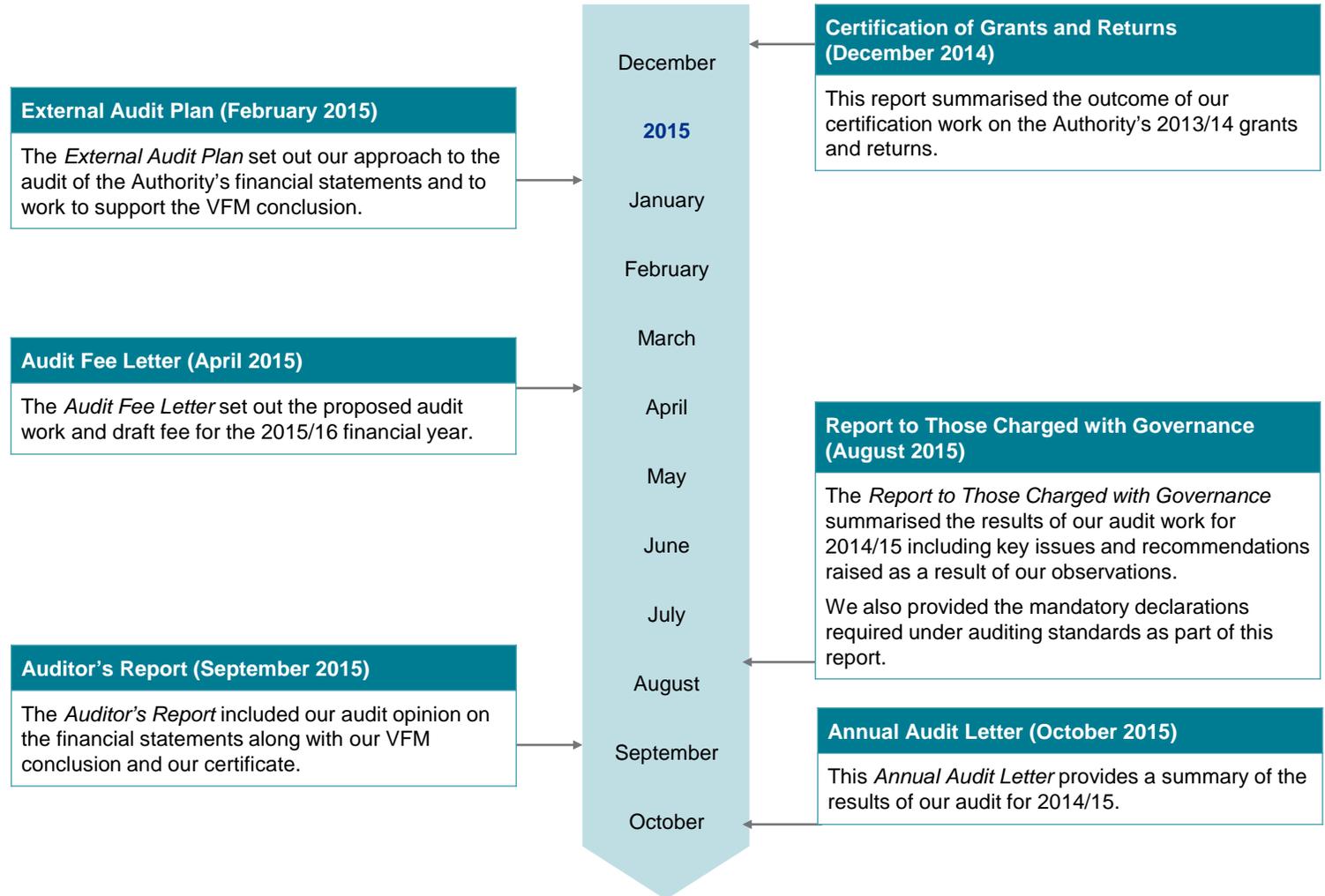
Audit opinion	We issued an unqualified opinion on the Authority's financial statements on 25 September 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.
VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM) for 2014/15 on 25 September 2015. 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>
Financial statements audit	<p>Our audit has identified a total three significant audit adjustments. None of these impacted on the reported results of the Authority.</p> <ul style="list-style-type: none"> • The cash flow statement required amendment to exclude the movements on the capital receipts reserve which were incorrectly reported as the proceeds from the sale of PPE and Investment Property. This reduced the amount disclosed from £10.1M to £1.4M; as a contra item within the cash flow statement there was no other impact on the Council's financial statements. • Whilst total income and expenditure agreed corrections were required to the analysis provided in Note 1.2 so that individual lines agreed to the analysis in Note 1.3. • Correction to the disclosure of individual grants within Note 5. <p>Presentational changes were made to the financial statements and Annual Governance Statement to ensure full compliance with the CIPFA Code and internal consistency.</p>
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.

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 1.

High priority recommendations	We raised no specific high priority recommendations as a result of our 2014/15 audit work. The Council has implemented all of the recommendations in our <i>ISA 260 Report 2013/14</i> .
Certificate	We issued our certificate on 25 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 £65,082 excluding VAT. This is in line with the Public Sector Audit Appointment's (Audit Commission's) scale fee for the audit of the Council and financial statements. Further detail is contained in Appendix 2.

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 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 £65,082. This was an increase of £900 on the original planned fee because of a standard increase in the Public Sector Audit Appointments (Audit Commission's) Scale Fee. The reason for this increase was audit work in respect of information contained in the NNDR return which was previously undertaken as part of grant certification work. The requirement to certify the LA01 NNDR return was removed in 2013/14.

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

The Council pays an annual fee of £3,000 for using the KPMG tax helpline.



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