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# Annual Audit Letter 2013/14

Telford and Wrekin Council

October 2014



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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](http://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 Ian Pennington, 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](mailto: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, 3<sup>rd</sup> Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto: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 Telford and Wrekin 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.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 16 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>
VFM risk areas	<p>We identified a number of significant risks to our VFM conclusion and considered the arrangements you have put in place to mitigate these.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> <li>■ Savings plan - the Authority reported an under-spend of £0.1m in 2013/14 as a result of successful delivery of its savings plans. Whilst there were some directorates which encountered overspends, these were offset by the identification of additional savings opportunities during the year. The positive outturn position has enabled the Authority to contribute £4.6m to reserves to support the 2014/15 budget strategy. The Authority has established savings plans for 2014/15 and is in the process of finalising plans for future periods. These plans identify savings throughout the organisation and are being monitored in an appropriate manner. The Authority still faces significant financial challenges into the medium term; and</li> <li>■ Commercial projects - the Authority obtained Cabinet approval to undertake feasibility studies for two commercial projects. The first of these involves the development of new homes for the private rental market whilst the second relates to the proposal to develop a commercial-scale solar farm on Authority-owned land. The costs incurred by the Authority in 2013/14 - £1.0m (new homes) and £0.1m (solar farm) - were in line with values approved by Cabinet.</li> </ul>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 16 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 are pleased to report that our audit of your financial statements did not identify any material adjustments. We identified a number of non-trivial adjustments of a presentational nature, and the Authority has adjusted these accordingly. There was no impact on the General Fund.</p> <p>One low priority recommendation was raised regarding the preparation of debtor and creditor working papers. This has been discussed with Management and an action plan agreed. We will formally follow up on this recommendation as part of our 2013/14 work.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>



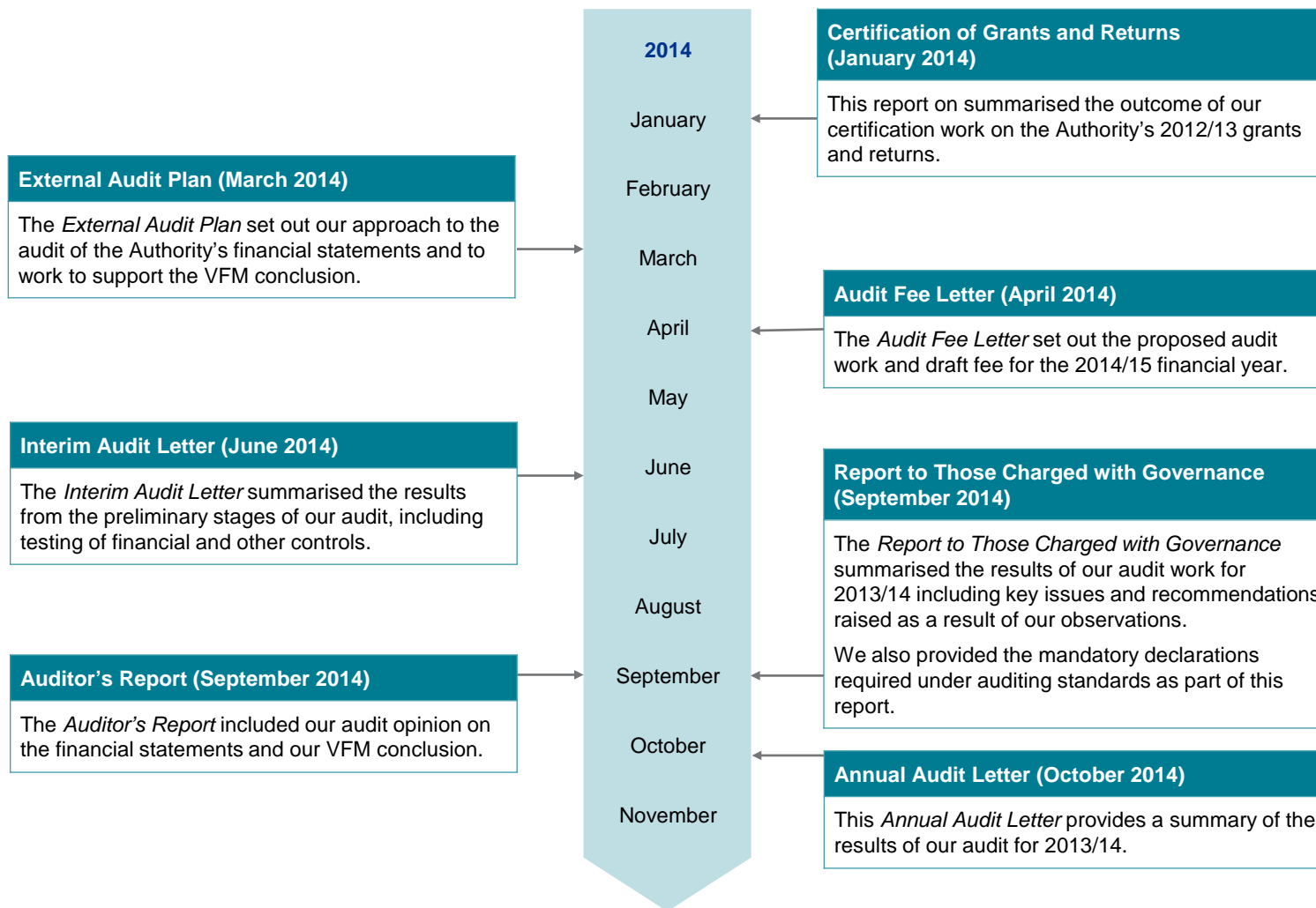
## Section one Headlines (continued)

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

<b>Whole of Government Accounts</b>	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements on 30 September 2014.
<b>Certificate</b>	We have received an elector query which we are currently considering. As a result we have not yet been able to issue our certificate for 2013/14.
<b>Audit fee</b>	<p>Our fee for the 2013/14 financial statements audit was £156,158, excluding VAT. This was £1,070 higher than the planned fee of £155,088. Further detail is contained in Appendix 2.</p> <p>Additional work has also been undertaken during the year as a result of an elector query relating to the development of the Newport area. This will be subject to an additional fee upon completion.</p> <p>The final determination of fees in relation to this additional work is subject to approval by the Audit Commission.</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 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 final statements audit was £156,158 (excluding VAT). This is £1,070 higher than the planned fee of £155,088. This reflects the additional work required on the Collection Fund as a result of the cessation of auditor certification of the NNDR3 return, which had previously provided evidence towards the financial statement audit.

In addition to the main audit work, we were required to undertake additional work as a result of one elector query received during the year. Whilst our work relating to this is on-going, we are currently estimating a fee of £6,633.

The fees for the additional work referred to above is subject to final determination by the Audit Commission.

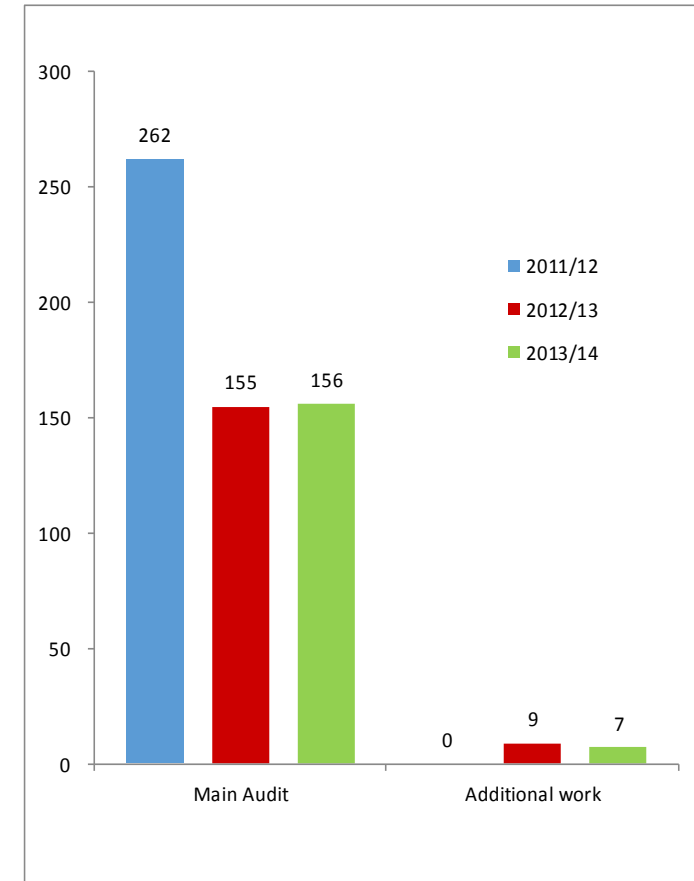
### Certification of grants and returns

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 January 2015.

### Other services

We did not undertake any non-audit work for the Authority this year.

External audit fees 2013/14 (£'000)





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