

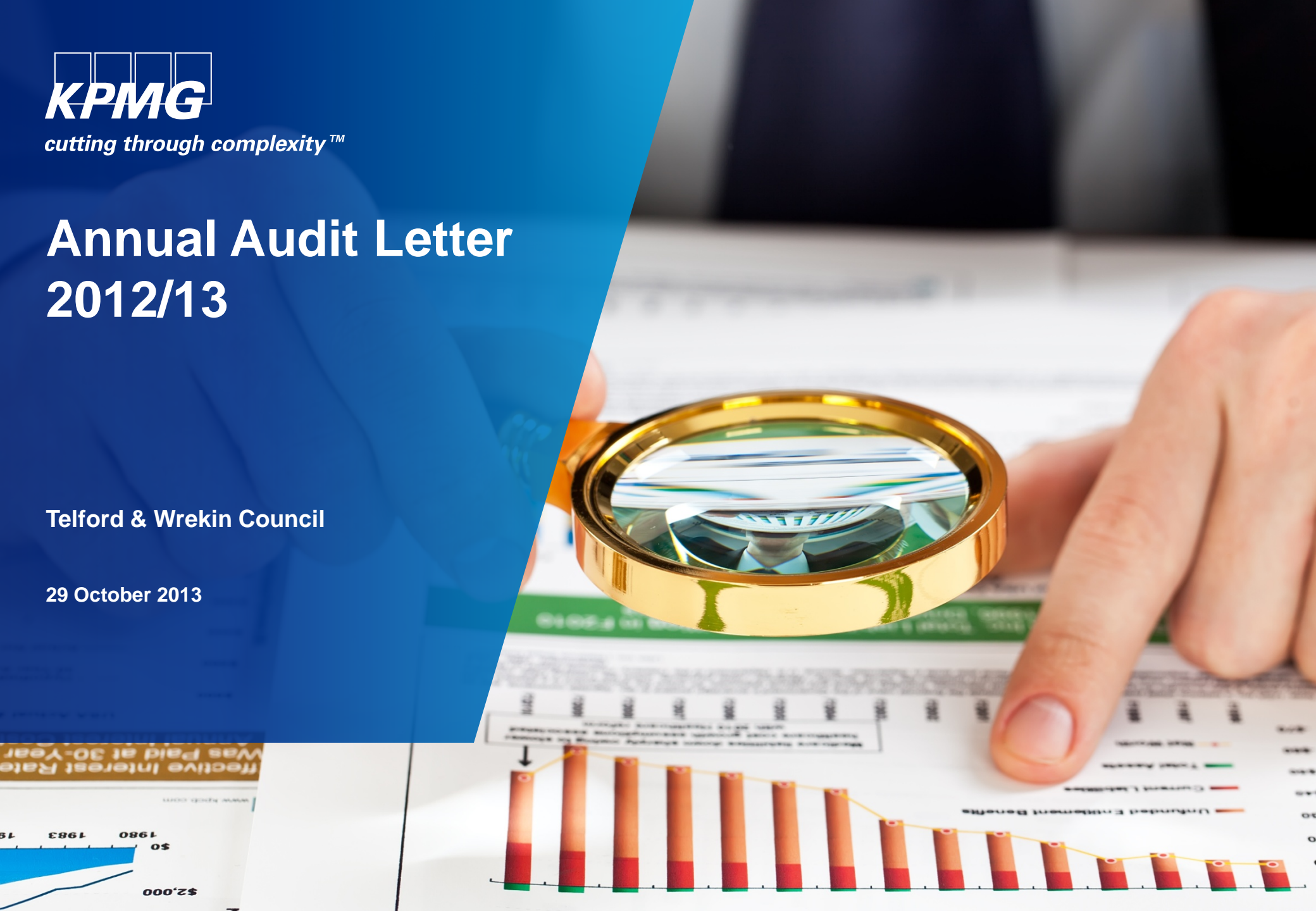


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Annual Audit Letter 2012/13

Telford & Wrekin Council

29 October 2013



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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 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, 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 03034448330.

This report summarises the key findings from our 2012/13 audit of Telford & 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.

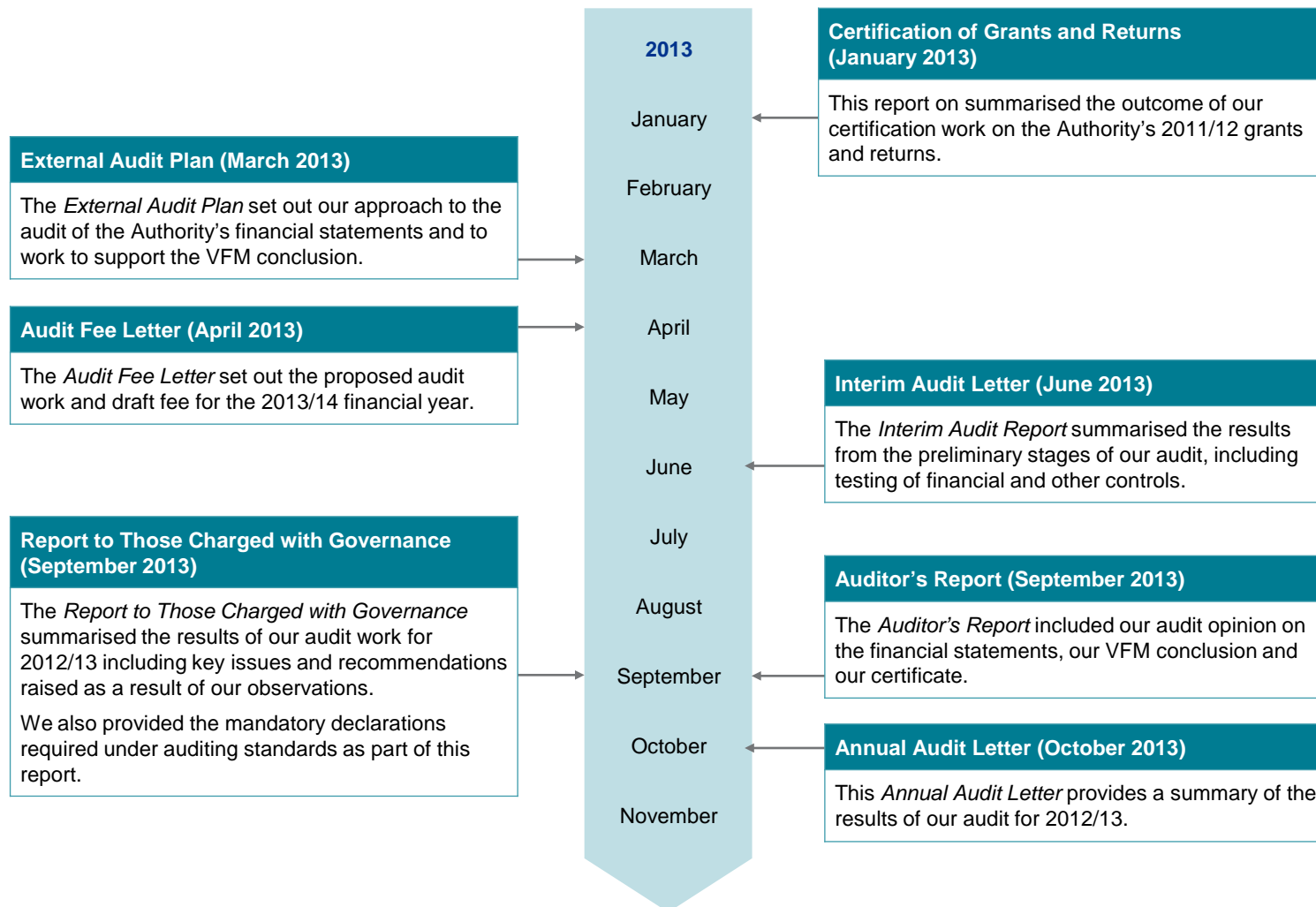
Our audit covers the audit of the Authority's 2012/13 financial statements and the 2012/13 VFM conclusion.

VFM conclusion	<p>We issued an unqualified Value for Money (VFM) conclusion for 2012/13 on 24 September 2013.</p> <p>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 one significant risk to our VFM conclusion in relation to the Authority's future savings plans. We considered the arrangements you have put in place to mitigate this risk.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> ■ the Authority reported an under spend of £0.055m in 2012/13 as a result of the successful delivery of savings plans. The positive outturn position has enabled the Authority to contribute £2.5m to reserves to support the 2013/14 budget strategy. ■ the Authority continues to progress its savings plans and reports to the Cabinet on progress made as part of its regular reporting processes. No significant delays in achieving savings have been identified to date through these monitoring processes; and ■ the Authority has established savings plans for 2013/14 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.
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 24 September 2013. 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 noted an improvement in the quality of the accounts and many of the supporting working papers.</p> <p>Our audit identified one adjustment with a total value of £0.4 million.</p> <p>The adjustment was in relation to an error with the prior period restatement arising from a change in accounting policy for schools acquiring trust status. The net impact of this adjustment to the re-stated 2011/12 figures was as follows:</p> <ul style="list-style-type: none"> ■ Increase the deficit on provision of services for the year 2011/12 by £0.4 million; and ■ Increase the other comprehensive income for the year 2011/12 by £0.4 million. <p>There was no impact on the General Fund balance as a result of this amendment.</p> <p>Two medium priority recommendation were raised regarding the preparation and review of reconciliations relating to both the cash book and the fixed asset register. These have been discussed with Management and an action plan agreed. We will formally follow up these recommendations as part of our 2013/14 work.</p>

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

Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding of the Authority.
Whole of Government Accounts	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 4 October 2013.
Certificate	We issued our certificate on 4 October 2013. The certificate confirms that we have concluded the audit for 2012/13 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 audit fee for 2012/13 was £155,088, excluding VAT. This was in line with the planned fee for the year and represents a 41% reduction from the prior year fee. Further detail is contained in Appendix 2. Additional work has been undertaken during the year in relation to an elector query resulting in a fee of £9,216.

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



This appendix provides information on our final fees for 2012/13.

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 2012/13 planned audit fee.

External audit

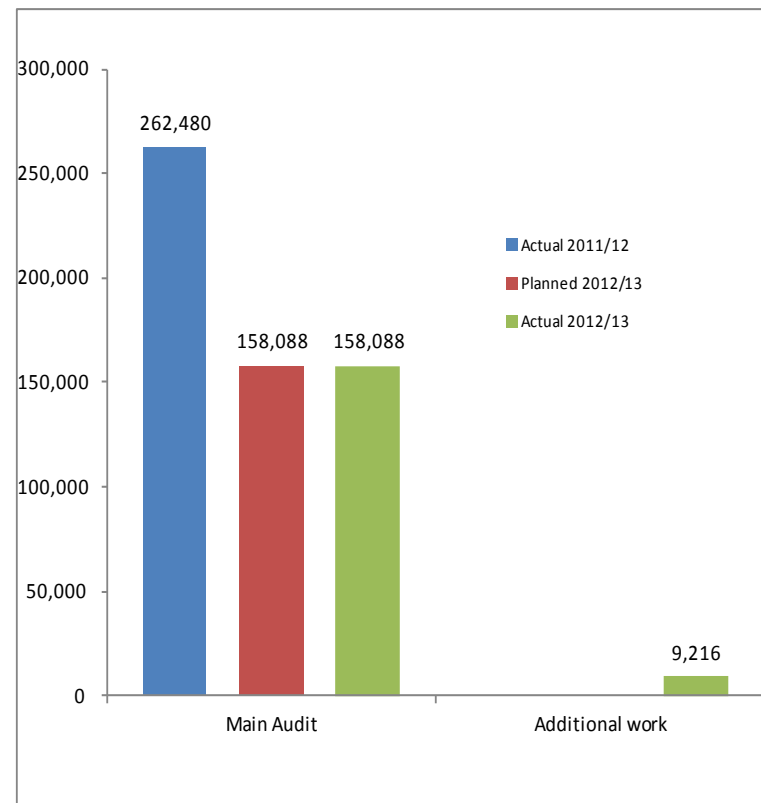
Our final fee for the 2012/13 audit was £155,088, in line with the planned fee. This is an overall reduction of 41 percent on the comparative total fee for 2011/12 of £262,480. This reflects the significant reductions made nationally by the Audit Commission to its scale fees.

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. The fee charged for this work was £9,216.

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 2012/13* which we are due to issue in January 2014.

External audit fees 2012/13 (£'000)





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