



Annual Audit Letter 2015/16

Telford & Wrekin Council

—

21 October 2016



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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).

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 Ian Pennington, 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). 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 Annual Audit Letter summarises the outcome from our audit work at Telford & Wrekin Council in relation to the 2015/16 audit year.

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.

<p>VFM conclusion</p>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 28 September 2016. 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>VFM risk areas</p>	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> — The Authority is facing significant savings requirements as a result of the ongoing reductions in central government funding. In the face of these, the Authority developed a budget which required both cost reductions and relied upon the generation of additional income through commercial projects. We are satisfied that adequate arrangements are in place to monitor performance against the budget throughout the year and note that the Council delivered an underspend of £121k against this budget. However, like most bodies in the sector, the Authority will continue to face significant financial challenges in the future; and — Implementing the Better Care Fund necessitated strong partnership working with Telford & Wrekin CCG ("the CCG"). We confirmed that the Authority is working well with the CCG in order to develop detailed plans and monitor performance against objectives. Whilst the Authority and CCG are carrying out further work to develop more detailed objectives and performance-based reporting processes in a number of areas, we are satisfied that appropriate progress is being made.
<p>Audit opinion</p>	<p>We issued an unqualified opinion on the Authority's financial statements on 28 September 2016. 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 for the first time those of the Authority's Group, which consists of the Authority itself and Nuplace Limited.</p>
<p>Financial statements audit</p>	<p>We are pleased to report that we did not identify any material misstatements to the Authority's accounts.</p> <p>We agreed a number of minor presentational and disclosure changes to supporting notes to the accounts to ensure that the accounts were compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.</p> <p>We raised no high priority recommendations as a result of our audit work.</p>
<p>Other information accompanying the financial statements</p>	<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>

Section one

Headlines (cont)

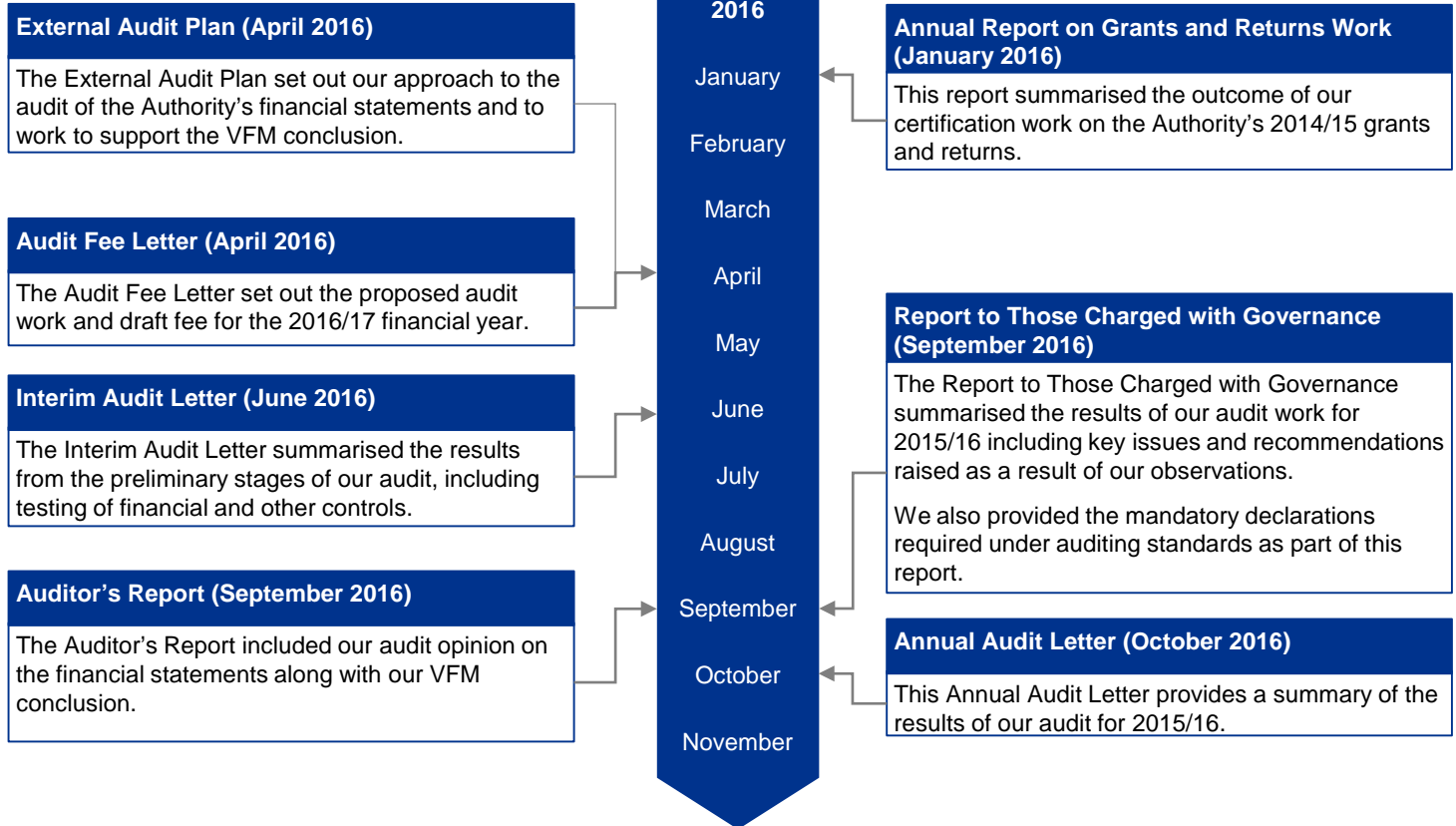
We have still to issue our certificate to confirm the completion of our audit responsibilities for the 2015/16 audit year. This has been delayed as a result of questions raised by an elector.

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.
Certificate	We have received an elector question relating to the Authority's financial statements, and the Authority are currently attempting to resolve the question directly with the elector. This means that we are not yet able to issue our certificate (which will confirm that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice).
Audit fee	Our fee for 2015/16 was £117,934, excluding VAT, which is slightly higher than our planned fee as a result of the work required in relation to the Authority's consolidated group accounts. 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.

These reports can be accessed via the Audit Committee pages on the Authority's website at www.telford.gov.uk.



Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

External audit

Our final fee for the 2015/16 audit of the Authority was £117,934. This compares to a planned fee of £117,119. The small increase reflects the additional work required for the audit of the Authority's consolidated group accounts.

In addition, as discussed on page 3, we are currently in receipt of questions raised by an elector. This may result in additional fees being charged if we need to carry out any work. We will agree these with the Assistant Director: Finance & HR, if required.

Our additional fees are still subject to final determination by Public Sector Audit Appointments.

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 2017.

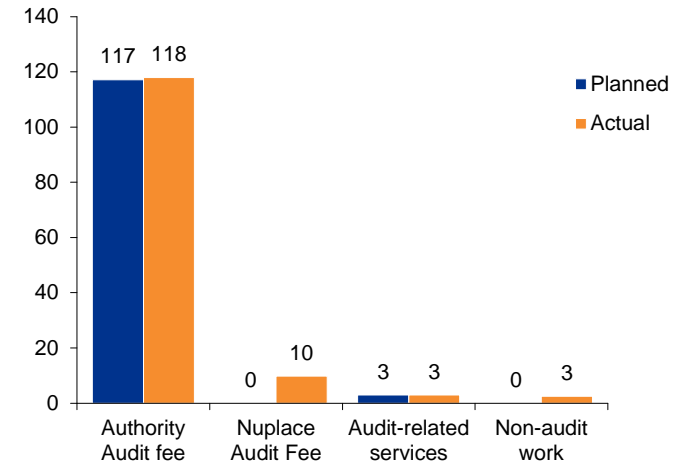
Other services

We will charge £3,000 for additional audit-related services for the certification of the Teachers' Pension return, which is outside of Public Sector Audit Appointment's certification regime.

Nuplace Ltd

Our fee for the separate audit of the Nuplace Limited financial statements is £9,850 plus VAT. We have also been engaged to assist Nuplace Limited with its tax computations, with a resulting fee of £2,500 plus VAT.

External audit fees 2015/16 (£'000)





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