



cutting through complexity™

Annual Audit Letter 2013/14

Daventry District Council

28 October 2014



The contacts at KPMG in connection with this report are:

Neil Bellamy

Director

KPMG LLP (UK)

Tel: 0116 2566082

Neil.Bellamy@kpmg.co.uk

Adrian Benselin

Manager

KPMG LLP (UK)

Tel: 0116 2566089

Adrian.Benselin@kpmg.co.uk

Report sections

- Headlines

Appendices

1. Summary of reports issued
2. Audit fees

Page

2

4

5

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 Neil Bellamy, 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 0303 4448 330.

This report summarises the key findings from our 2013/14 audit of Daventry District 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.

<p>VFM conclusion</p>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 30 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>
<p>Audit opinion</p>	<p>We issued an unqualified opinion on your financial statements on 30 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> <p>The financial statements also include those of the Authority's Group, which consists of the Authority itself and The Daventry Estate Company Ltd.</p>
<p>Financial statements audit</p>	<p>We identified three audit risks affecting the Authority's 2013/14 financial statements:</p> <ul style="list-style-type: none"> ■ A three-yearly valuation of the local government pension scheme by the scheme's actuary; ■ Changed accounting for the business rates retention scheme; and ■ The transfer of properties to a subsidiary company with the associated requirement to produce group accounts. <p>The Authority addressed the issues appropriately. However our audit identified a total of four audit adjustments. These were all in respect of presentation on the face of the Comprehensive Income and Expenditure Statement; there was no impact on the General Fund or Balance Sheet as at 31 March 2014. All of these were adjusted by the Authority.</p> <p>The Authority also made a small number of other adjustments, most of which were of a presentational nature. There was no impact on the General Fund.</p> <p>We made two recommendations in our <i>Report to Those Charged with Governance</i>, but neither was fundamental or material to your system of internal control.</p>

This report summarises the key findings from our 2013/14 audit of Daventry District Council (the Authority).

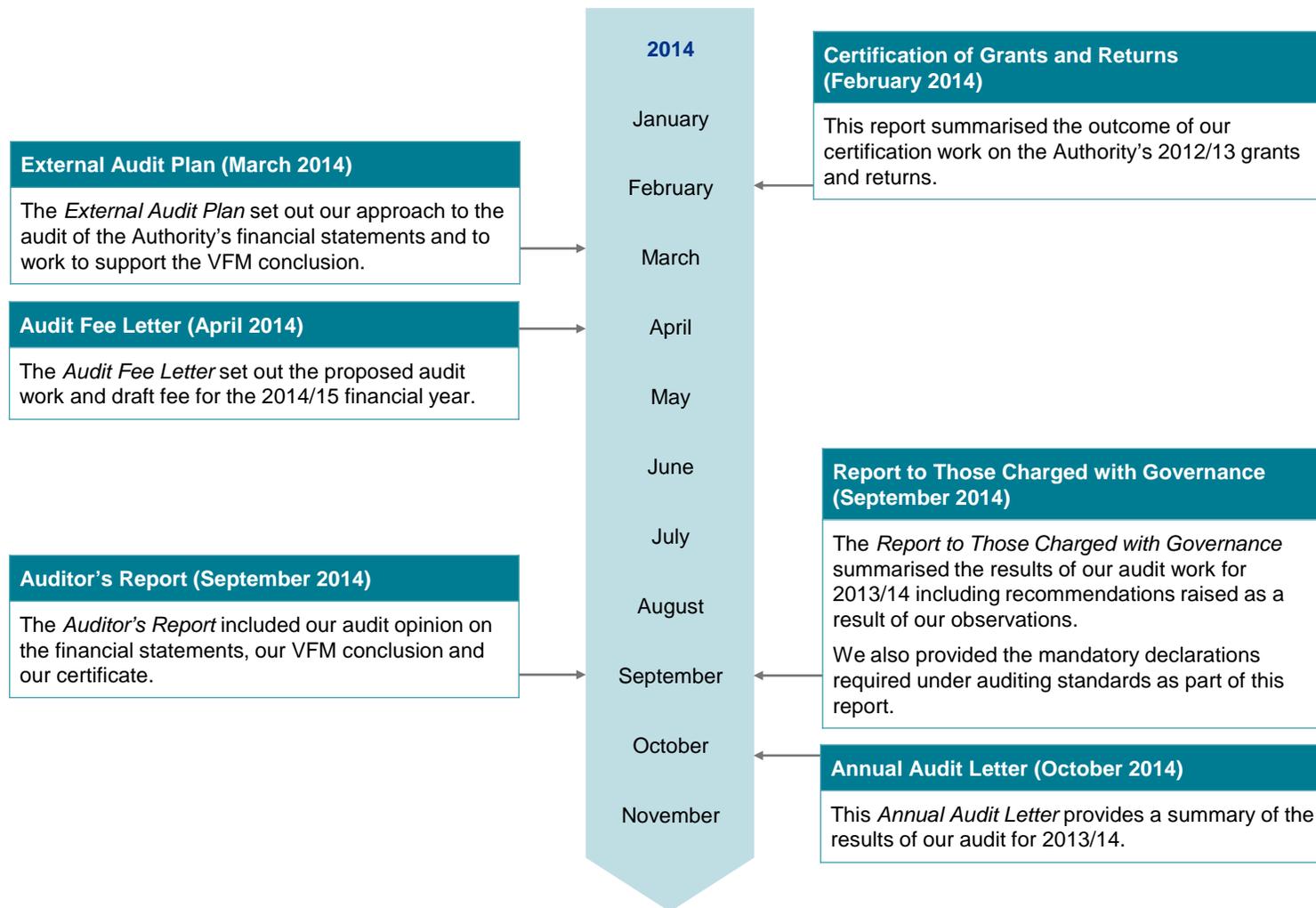
Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.

Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding of your arrangements.
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 pension liabilities and property, plant & equipment disclosed in the consolidation pack were consistent with the audited statutory accounts.
Certificate	We issued our certificate on 30 September 2014. The certificate confirms that we have concluded the audit for 2013/14 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 proposed fee for 2013/14 is £66,445, excluding VAT. An increase of £900 above the planned fee for the year has yet to be approved by the Audit Commission. 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 2013/14.

To ensure openness between KPMG and your Corporate Governance 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 proposed final fee for the 2013/14 audit of the Authority is £66,445. This compares to a planned fee of £65,545. The increase of £900 is in respect of additional work carried out to deliver our 2013/14 audit opinion, and is an issue which has arisen at all district councils.

- we have previously carried out work while certifying the national non-domestic rates return (the NNDR3 return), and relied upon this work for our opinion audit. In 2013/14, as a result of there being no certification of the NNDR3 return, we have had to carry out this work as additional procedures to our opinion audit.

The additional fee is still 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 February 2015.

Non-audit work

We did not undertake any non-Code work for the Authority in 2013/14.



cutting through complexity™

© 2014 KPMG LLP, a UK public limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).