



Annual Audit Letter 2015/16

West Berkshire Council

—

October 2016



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The contacts at KPMG in connection with this report are:

Ian Pennington
Director
KPMG LLP (UK)

Tel: 029 2046 8087
ian.pennington@kpmg.co.uk

Antony Smith
Manager
KPMG LLP (UK)

Tel: 0207 311 2355
antony.smith@kpmg.co.uk

Greg Morris
Assistant Manager
KPMG LLP (UK)

Tel: 0238 020 2050
gregory.morris@kpmg.co.uk

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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.psaa.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 West Berkshire 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.

VFM conclusion	<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>
VFM risk areas	<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>We identified the following VFM risks in our External audit plan 2015/16:</p> <ul style="list-style-type: none"> — Financial Resilience; and — Better Care Fund/Care Act Eligibility. <p>We also included your progress towards implementing the Ofsted action plan as an area of audit focus.</p> <p>We worked with officers throughout the year to discuss these VFM risks. The main issues facing the Authority are to identify sufficient savings and efficiencies (£22 million as reported in the Medium Term Financial Strategy) and to set and deliver a balanced budget for 2017/18 in the face of pressures on its income, increased demand for its services and a relatively low general fund balance. There were no other matters of any significance arising as result of our audit work in these VFM risk areas.</p>
Audit opinion	<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.</p>
Financial statements audit	<p>We review risks to the financial statements on an ongoing basis. We identified no significant financial statement risks specific to the Authority during 2015/16. We did identify two areas of audit focus:</p> <ul style="list-style-type: none"> — Valuation of Property Plant and Equipment (PPE); and — Pension Costs and Liabilities. <p>We worked with officers throughout the year to discuss these areas of audit focus. There were no matters of any significance arising as a result of our audit work in these key risk areas.</p> <p>Our audit did not identify any audit adjustments. A number of minor amendments focused on presentational improvements were made to the draft financial statements, and the Authority included additional commentary in the Narrative Statement.</p>

Section one

Headlines (cont)

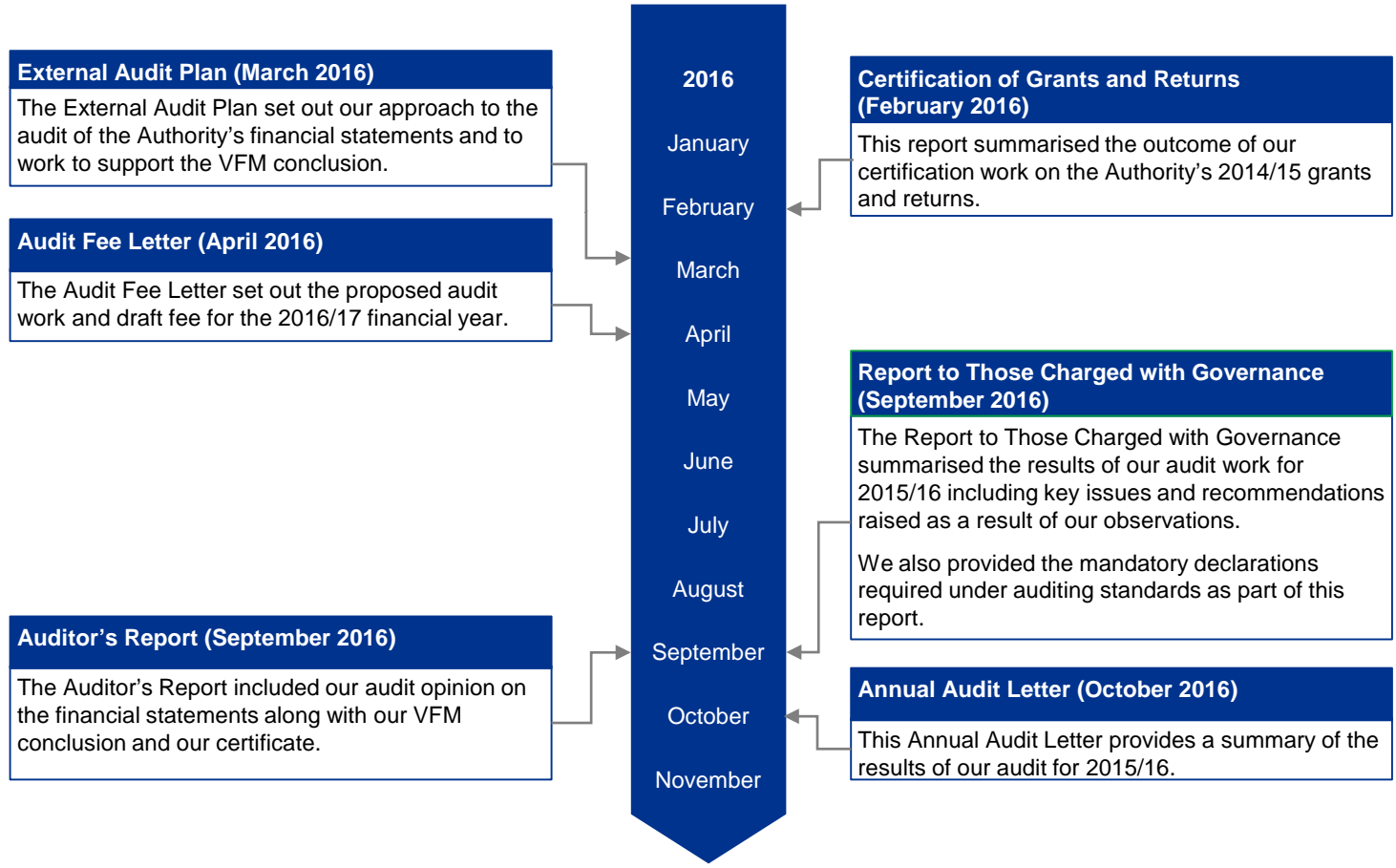
We have issued our certificate to confirm the completion of our audit responsibilities for the 2015/16 audit year.

Other information accompanying the financial statements	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, although additional commentary was added to the Narrative Statement by 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.
High priority recommendations	We raised no high priority recommendations as a result of our 2015/16 audit work.
Certificate	We issued our certificate on 28 September 2016. The certificate confirms 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 £96,653, excluding VAT. This is in line with the planned fee and reflects a 25% reduction compared with the 2014/15 audit fee of £128,870 (excluding VAT). 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 Governance and Ethics Committee pages on the Authority's website at www.westberks.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 £96,653, which is in line with the planned fee.

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 February 2017.

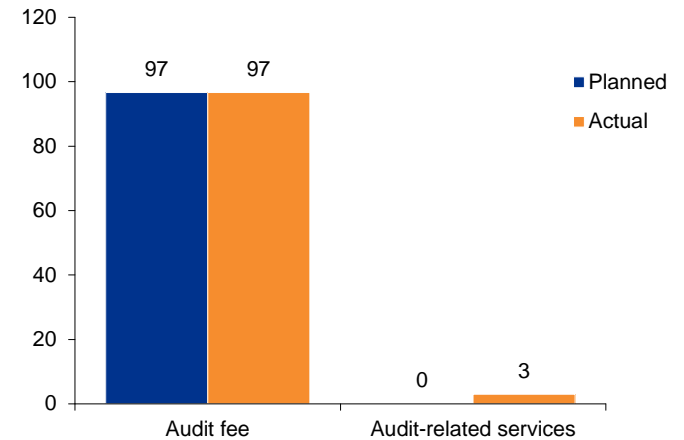
Audit Related Fees

Where we do work on grants and claims that used to be part of the PSAA/Audit Commission regime, these are required to be considered as audit related fees. The level of these fees are subject to similar restrictions (in terms of value) as non-audit services from PSAA's monitoring arrangements. The fees charged in 2015/16 were £3,000 plus VAT for the 2014/15 Teachers' Pensions Return.

Non-audit services

We have not undertaken any non-audit services for the Authority in 2015/16.

External audit fees 2015/16 (£'000)





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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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