

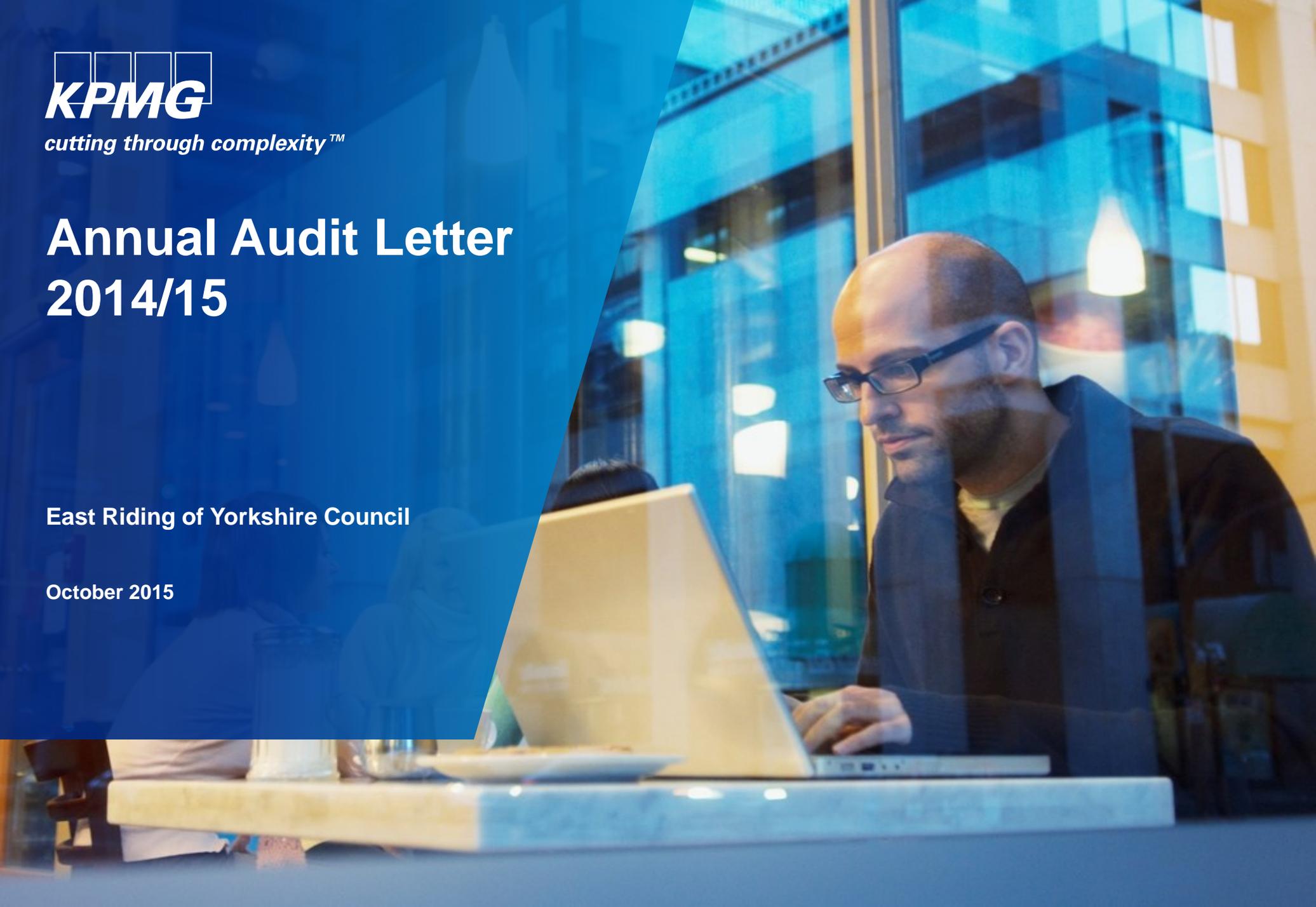


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# Annual Audit Letter 2014/15

East Riding of Yorkshire Council

October 2015



**The contacts at KPMG in connection with this report are:**

**Rashpal Khangura**

*Director*

*KPMG LLP (UK)*

Tel: 0113 231 3396

[rashpal.khangura@kpmg.co.uk](mailto:rashpal.khangura@kpmg.co.uk)

**Lizzie Wharton**

*Manager*

*KPMG LLP (UK)*

Tel: 0113 231 3538

[elizabeth.wharton@kpmg.co.uk](mailto:elizabeth.wharton@kpmg.co.uk)

**Matthew Moore**

*Assistant Manager*

*KPMG LLP (UK)*

Tel: 0113 231 3663

[matthew.moore@kpmg.co.uk](mailto:matthew.moore@kpmg.co.uk)

**Joanne Sinclair**

*Assistant Manager*

*KPMG LLP (UK)*

Tel: 0113 231 3601

[joanne.sinclair@kpmg.co.uk](mailto:joanne.sinclair@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. The Audit Commission 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](http://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 Rashpal Khangura 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, Trevor Rees (on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@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](mailto: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 report summarises the key findings from our 2014/15 audit of East Riding of Yorkshire 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.**

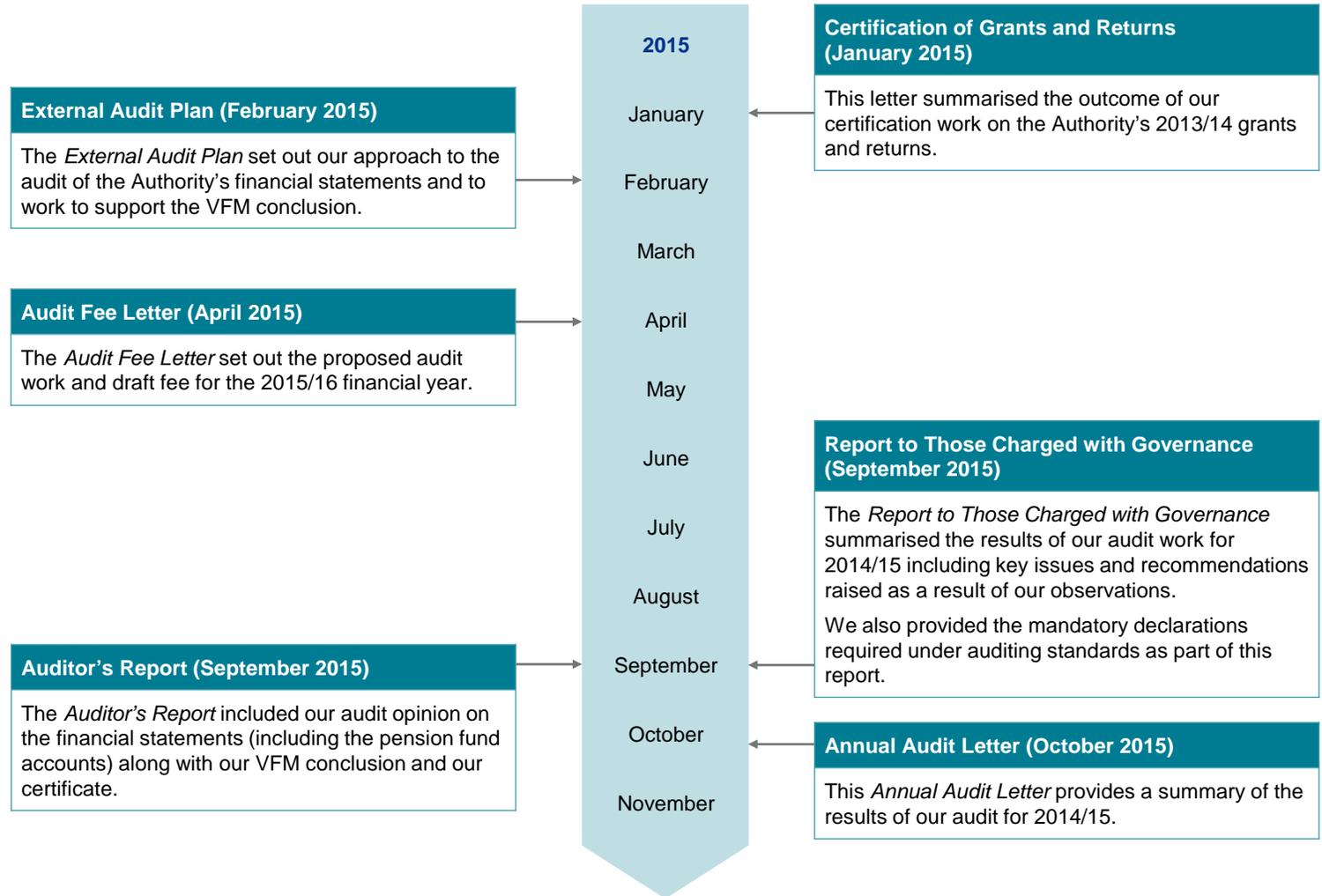
**Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.**

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

<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 24 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on the Authority's financial statements on 24 September 2015. 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 those of the pension fund.</p>
<b>Financial statements audit</b>	<p>Our audit identified one corrected audit adjustment with a total value of £13.245m and one unadjusted audit difference with a gross impact of £7.089m (and net impact of £0.197m).</p>
<b>Annual Governance Statement</b>	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>
<b>Pension fund audit</b>	<p>There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report.</p>
<b>Whole of Government Accounts</b>	<p>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.</p>
<b>Certificate</b>	<p>We issued our certificate on 24 September 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
<b>Audit fee</b>	<p>Our fee for 2014/15 was £184,664 for the Authority and £28,491 for the East Riding Pension Fund. Both exclude VAT. For information, the Authority's fees are subject to a potential increase of £2,430, which requires approval from Public Sector Audit Appointment Ltd. This is additional fee for dealing with an issue raised by an elector, which we considered as part of our audit.</p> <p>We have not yet invoiced any additional fees in relation to 2014/15 but have agreed fees for three returns which are outside the Public Sector Audit Appointment's certification regime. Further details may be found in Appendix 2.</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 the 2014/15 audit.**

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

#### External audit

Our scale fee for the 2014/15 audit of the Authority was £184,664. We undertook some additional work to deal with an issue raised by an elector. Our fee for this work is £2,430 but is still subject to approval by Public Sector Audit Appointments.

Our final fee for the 2014/15 audit of the Pension Fund was in line with the scale fee of £28,491.

#### 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 2016.

#### Other services

We have not yet invoiced any additional fees in relation to 2014/15 but have agreed fees for the following returns which are outside the Public Sector Audit Appointment's certification regime:

- £2,300 for work to provide assurance on the Authority's Teachers' Pensions return for the year ended 31 March 2015 as required by the Teachers' Pensions Authority;
- £1,500 for work to provide assurance on the Authority's Pooling of Housing Capital Receipts return for the year ended 31 March 2015 as required by the Department for Communities & Local Government; and

- £2,400 for work to provide assurance on the Authority's Affordable Housing Programme grant return for the year ended 31 March 2015 as required by the Homes and Communities Agency.



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