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# Annual Audit Letter 2014/15

Nottinghamshire County Council and  
Nottinghamshire Pension Fund

October 2015

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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 Tony Crawley, 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 Nottinghamshire County Council and Nottinghamshire Pension Fund (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.**

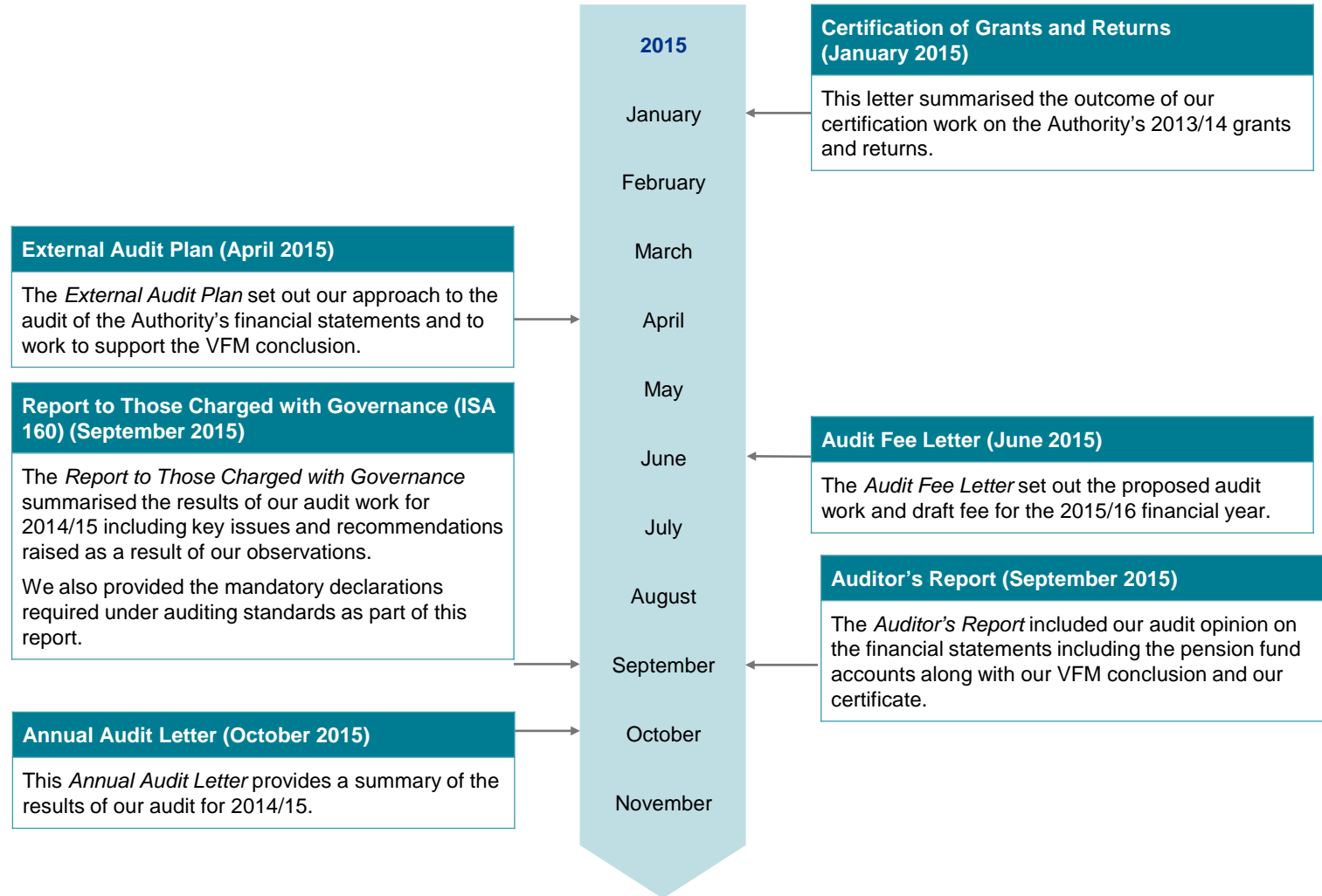
**All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.**

<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 29 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 29 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 initial risk assessment at the planning stage of the audit identified a number of significant risk areas:</p> <p>In relation to the Authority:</p> <ul style="list-style-type: none"> <li>■ Accounting for Schools, following LAAP Bulletin 101; and</li> <li>■ New banking arrangements.</li> </ul> <p>In relation to the Pension Fund:</p> <ul style="list-style-type: none"> <li>■ LGPS Reform; and</li> <li>■ Change in Pensions Database.</li> </ul> <p>The Authority continues to maintain a strong financial reporting process and produces Statements of Accounts to a good standard.</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>	We issued our certificate on 29 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> .
<b>Audit fee</b>	Our fee for 2014/15 was £134,670, excluding VAT for the Authority, and £33,232 for the Pension Fund, excluding VAT. This includes an additional £3,720, excluding VAT for the Authority, and £3,306, excluding VAT, for the Pension Fund, due to the additional work required to address the risk areas identified in the External Audit Plan. 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 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 final fee for the 2014/15 audit of the Authority was £134,670. This compares to a planned fee of £130,950. The reasons for this variance are:

- an increased fee for the additional audit of the risk areas identified in the External Audit Plan reflecting additional costs incurred in carrying out these procedures, with respect to:
  - The accounting requirements for Local Authority maintained schools; and
  - The transfer of banking services from the Co-operative to Barclays.

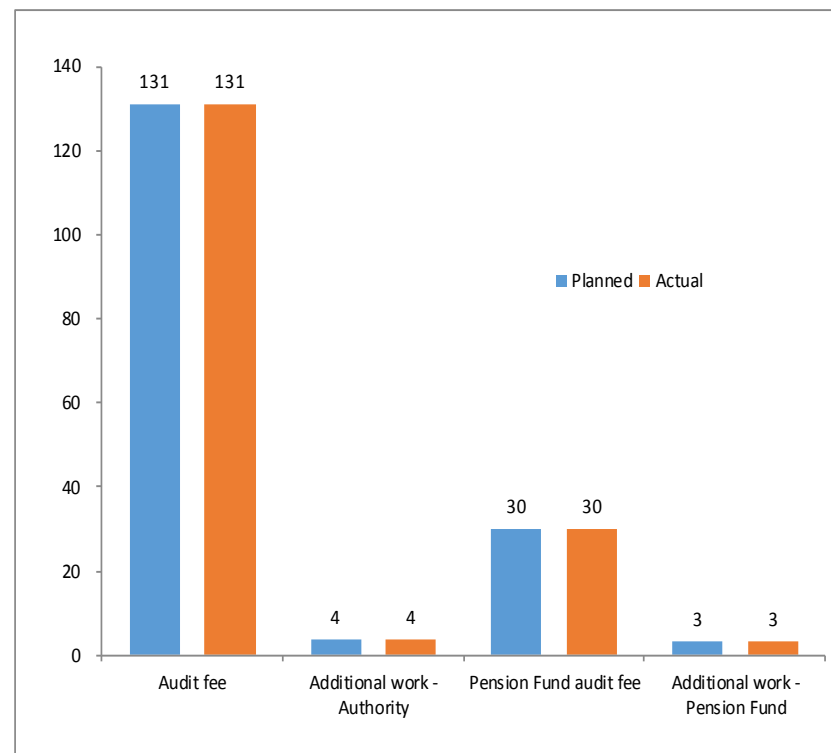
Our final fee for the 2014/15 audit of the Pension Fund was £33,232. This compares to a planned fee of £29,926. The reasons for this variance are:

- an increased fee for the additional audit of the risk areas identified in the External Audit Plan reflecting additional costs incurred in carrying out these procedures, with respect to:
  - LGPS reform; and
  - Change in Pensions Database.

### Other services

We charged £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.

External audit fees 2014/15 (£'000)





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