



# Annual Audit Letter 2015/16

**Nottinghamshire County Council and  
Nottinghamshire Pension Fund**

—  
October 2016



# Contents

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Page

## Report sections

— Headlines 3

## Appendices

1. Summary of reports issues 5

2. Audit fees 6

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](http://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 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, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto: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](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 Annual Audit Letter summarises the outcome from our audit work at Nottinghamshire County Council and Nottinghamshire Pension Fund in relation to their 2016/16 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.**

<b>VFM conclusion</b>	<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 that Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.</p> <p>In reaching our VFM conclusion we have considered the Authority's arrangements for securing financial resilience. We considered the robustness of the Medium Term Financial Strategy 2016/17 – 2019/20, by reviewing the Authority's assumptions made around changes to future funding streams and the identification of future expenditure pressures.</p> <p>Our work concluded that the planning assumptions made by the Authority were reasonable, and officers recognise that there are significant uncertainties about the future of local government financing. We reviewed the 2016/17 budget setting process and noted that for the budget set for the financial year and additional future saving of £50.2m would be required over the next three years.</p> <p>We are satisfied that the Authority has suitable arrangements in place to monitor and ensure delivery of the savings plans. We are aware of the progress being made to address the shortfall by 2019/20 identified in the February 2016 budget statement, and it is important that members and officers continue to work together to address the gap.</p>
<b>VFM risk areas</b>	<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"> <li>— Future Savings Plans; and</li> <li>— Working with Partners – Better Care Fund.</li> </ul> <p>We assessed the arrangements put in place by the Authority during the year by discussions with Officers and by relying on our accounts audit work where relevant, underpinned by a review of the Authority's financial management processes.</p> <p>We were able to conclude that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p>
<b>Audit opinion</b>	<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 those of the pension fund.</p>

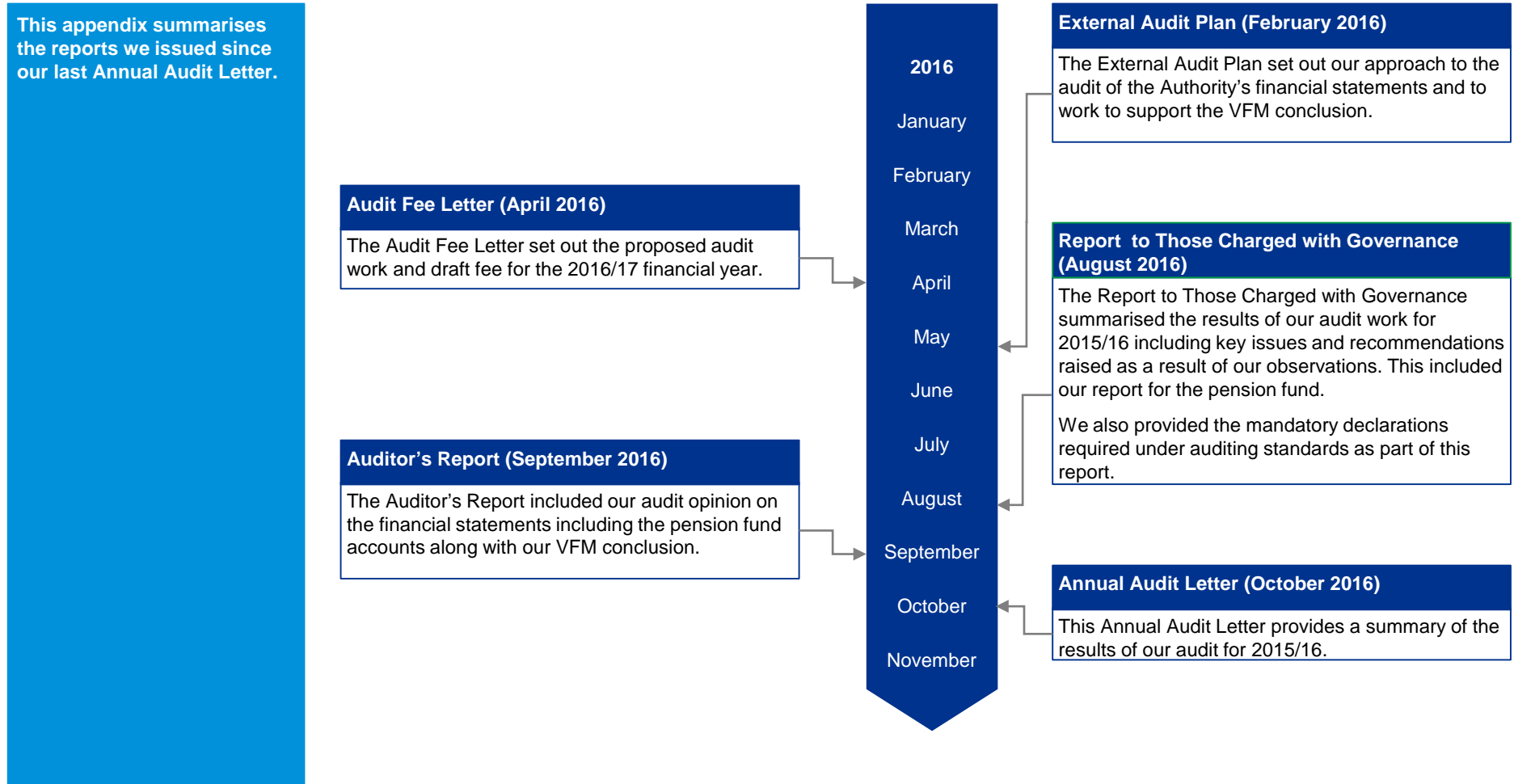
## Section one

# Headlines (continued)

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>Financial statements audit</b>	<p>We received complete draft accounts by 8 June 2016 ahead of the Department for Communities and Local Government deadline. The Authority has good processes in place for the production of the accounts and good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process was completed within the planned timescales.</p> <p>There were no uncorrected audit adjustments at the end of the audit process.</p>
<b>Annual Governance Statement</b>	<p>We reviewed your Annual Governance Statement 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 have reviewed the consolidation pack that the Authority prepared to support the production of the Whole of Government Accounts by HM Treasury. We completed this on 21 October 2016.</p>
<b>Certificate</b>	<p>As we are in the process of considering an objection to the accounts that has been received from a local elector, this will delay us issuing our audit certificate until this matter has been given due attention.</p>
<b>Audit fee</b>	<p>Our fee for 2015/16 was £98,213 excluding VAT for the Authority accounts and £29,926 excluding VAT for the Pension Fund accounts. This is in accordance with our planned fee, and further detail is contained in Appendix 2.</p>

# Appendix 1: Summary of reports issued



# 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

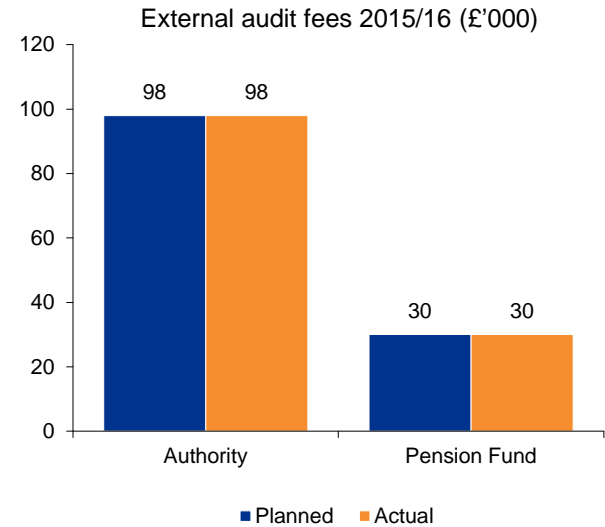
Our final fees for the 2015/16 audits were:

- Nottinghamshire County Council accounts £98,213; and
- Nottinghamshire Pension Fund £29,926.

Both of these are in line with the planned fees.

### Other services

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





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