



Annual Audit Letter 2017/18

Reigate and Banstead Borough Council

—

August 2018

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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 Joanne Lees, 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 Reigate and Banstead Borough Council in relation to the 2017/18 audit year, which is the final year that KPMG is the auditor of the Authority.

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.

Audit opinion	We issued an unqualified opinion on the Authority's financial statements on 30 July 2018. 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 include the consolidated financial statements for Authority's Group, which consists of the Authority itself, Pathways for Care and Greensand Holdings Limited.
Financial statements audit	<p>Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £2 million which equates to around 2% of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision. We report to the Executive Committee any misstatements of lesser amounts, other than those that are "clearly trivial", to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £103,000 for the Authority.</p> <p>We have identified three audit adjustments in relation to the property plant and equipment and investment properties and one adjustment in relation to an accruals calculation, all of which impacted the core financial statements. In addition, we identified one unadjusted audit difference of £667k in relation to cash.</p> <p>Overall, the Authority provided a good set of draft financial statements with only a small number of additional presentational adjustments identified.</p> <p>Our audit work was designed to specifically address the following significant risks:</p> <ul style="list-style-type: none"> — Management Override of Controls – we did not identify any issues in relation to this risk; — Valuation of land and buildings – we identified one adjustment to the primary financial statements and a number of small presentational adjustments in relation to this risk; — Pensions Liabilities – we did not identify any issues in relation to this risk.
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.

Section one

Headlines

Whole of Government Accounts	The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.
Value for Money conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2017-18 on 30 July 2018. 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. 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.
Value for Money risk areas	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. Our work did not identify any significant matters, however we reviewed your budget performance to assist in forming our conclusion.
High priority recommendations	We have not raised any high priority recommendations as a result of our 2017-18 work.
Certificate	We issued our certificate on 30 July 2018. The certificate confirms that we have concluded the audit for 2017-18 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
Audit fee	Our fee for 2017-18 was £48,812, excluding VAT (2016/17: £48,812). In addition, we are expecting a fee of £9,768, excluding VAT (2016/17: £12,079) for our work on the Housing benefits grant claim. This will be completed in September 2018.
Exercising of audit powers	We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about. We have not identified any matters that would require us to issue a public interest report.

Appendices

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 Executive Committee pages on the Authority's website at www.reigate-banstead.gov.uk.

External Audit Plan (February 2018)

The External Audit Plan set out our approach to the audit of the Authority's financial statements and to work to support the VFM conclusion.

Auditor's Report (July 2018)

The Auditor's Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

Annual Audit Letter (August 2018)

This Annual Audit Letter provides a summary of the results of our audit for 2017/18.

2018

January

February

March

April

May

June

July

August

September

October

November

Certification of Grants and Returns (January 2018)

This letter summarised the outcome of our certification work on the Authority's 2016-17 grants and returns.

Report to Those Charged with Governance (July 2018)

The Report to Those Charged with Governance summarised the results of our audit work for 2017/18 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.



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