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# Annual Audit Letter 2010/11

Cheltenham Borough Council

November 2011

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**This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at [www.auditcommission.gov.uk](http://www.auditcommission.gov.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.**

**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 appointed engagement lead to the Council, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk), who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by email to [complaints@audit-commission.gov.uk](mailto:complaints@audit-commission.gov.uk). Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421.**

**This report summarises the key findings from our 2010/11 audit of Cheltenham Borough Council (the Council).**

**Although this letter is addressed to the Members of the Council, it is also intended to communicate these issues to key external stakeholders, including members of the public.**

**Our audit covers the audit of the Council's 2010/11 financial statements and the 2010/11 VFM conclusion.**

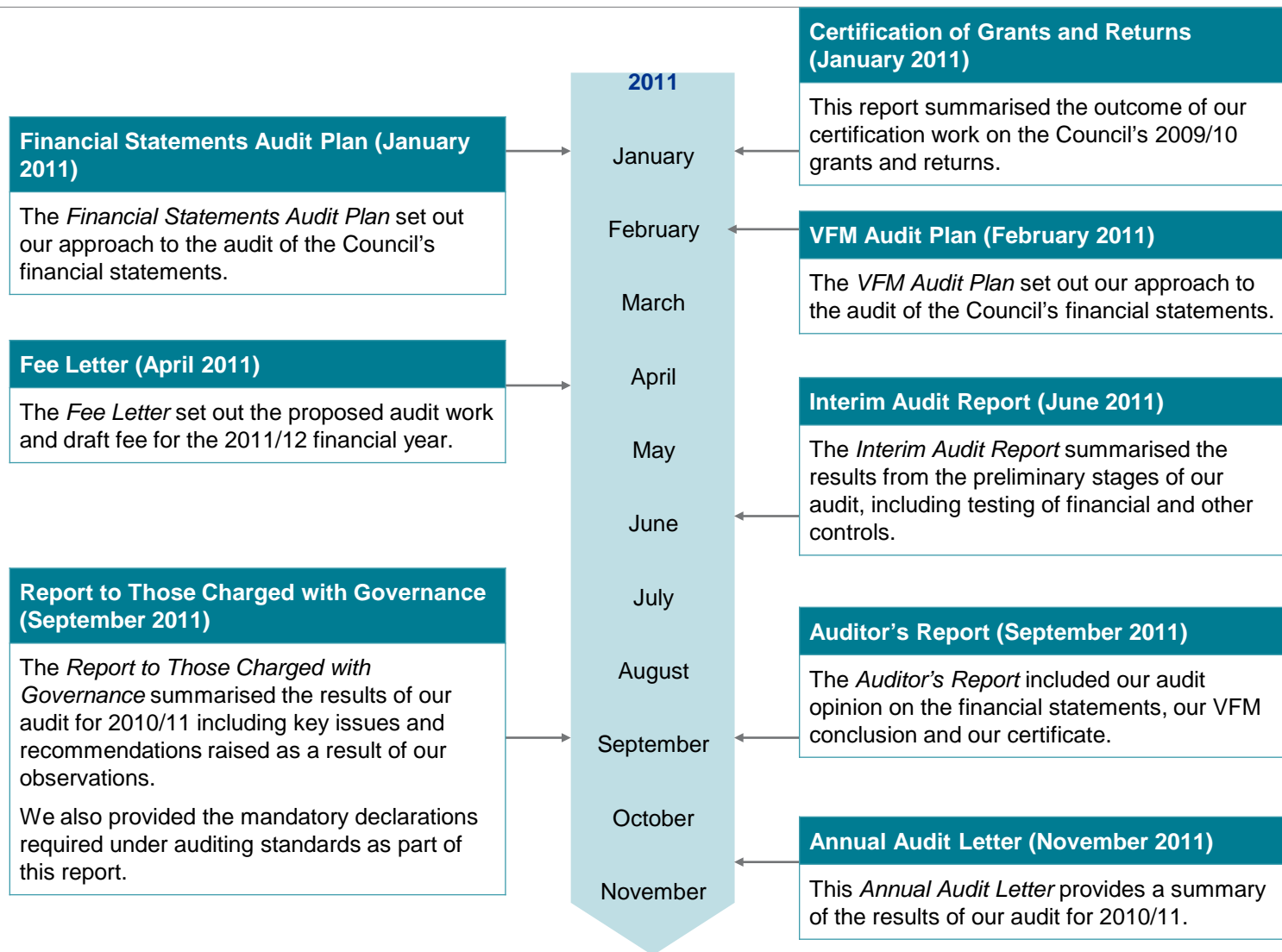
<p><b>VFM conclusion</b></p>	<p>We issued an unqualified value for money ('VFM') conclusion for 2010/11 on 21 September 2011. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness. To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
<p><b>Audit opinion</b></p>	<p>We issued an unqualified opinion on your financial statements on 21 September 2011, which meant that the financial statements gave a true and fair view of the financial position of the Council and of its expenditure and income for the year.</p>
<p><b>Financial statements audit</b></p>	<ul style="list-style-type: none"> <li>▪ The quality of the accounts and working papers provided to us were again excellent. Officers dealt efficiently with audit queries and the audit process was completed to the planned timescales. It should be noted that this was achieved whilst coping with the transition to the International Financial Reporting Standards (IFRS), which resulted in a significant amount of additional work for officers, and who were also preparing for the 'GO shared services project'.</li> <li>▪ We identified no issues in the course of the audit that are considered to be material or required adjustment.</li> <li>▪ There were no significant matters which we were required to report.</li> </ul>
<p><b>Annual Governance Statement</b></p>	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>

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

<b>High priority recommendations</b>	<p>We raised no high priority recommendations as a result of our 2010/11 work.</p>
<b>Certificate</b>	<p>We issued our certificate on 21 September 2011.</p> <p>The certificate confirms that we have concluded the audit for 2011 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 2010/11 was £118,989, excluding VAT, which includes an amount of £5,000 in respect of follow up of the Public Interest Report. However, the Council will receive a reimbursement from the Audit Commission in respect of the IFRS conversion costs which will reduce the total fee by £7,626 to £111,363. Our final fee was in line with the amount originally agreed and planned. Further detail is contained 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 2010/11.**

We have summarised below the outturn against the 2010/11 planned external audit fee.

**External audit**

Our fee for 2010/11 was £118,989, excluding VAT, which includes an amount of £5,000 in respect of follow up of the Public Interest Report. However, the Council will receive a reimbursement from the Audit Commission in respect of the IFRS conversion costs which will reduce the total fee by £7,626 to £111,363. Our final fee was in line with the amount originally agreed and planned.

**Certification of grants an returns**

Our grants work is still ongoing and the final fee will be confirmed through our report on the *Certification of Grants and Returns 2010/11* which we are due to issue in January 2012.



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