



cutting through complexity™

Annual Audit Letter 2013/14

London Borough of Barking and
Dagenham

October 2014



The contacts at KPMG in connection with this report are:

Philip Johnstone

Director

KPMG LLP (UK)

Tel: +44 20 7311 2091

philip.johnstone@kpmg.co.uk

Rebecca Pett

Senior Manager

KPMG LLP (UK)

Tel: +44 20 7311 4031

rebecca.pett@kpmg.co.uk

Jennifer Garven

Assistant Manager

KPMG LLP (UK)

Tel: +44 20 7694 2848

jennifer.garven@kpmg.co.uk

Report sections

- Headlines

Appendices

1. Summary of reports issued
2. Audit fees

Page

2

3

4

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 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.

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 Philip Johnstone, the appointed engagement lead to the Authority, 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, 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, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 4448 330.

This report summarises the key findings from our 2013/14 audit of the London Borough of Barking and Dagenham ('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.

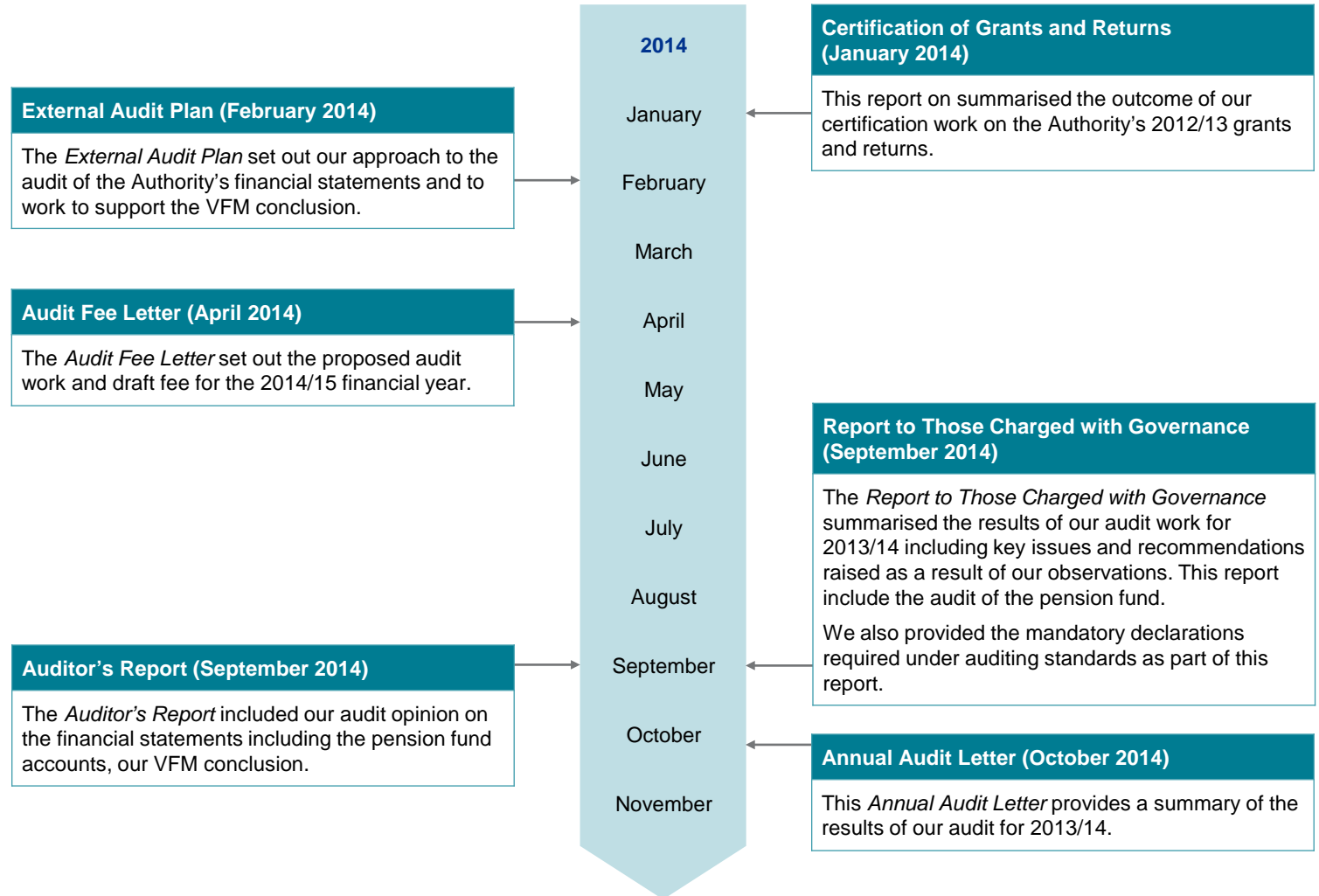
Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.

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

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 26 September 2014. This means we are satisfied that the Authority has proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>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>
VFM risk areas	We did not identified any significant risks in relation to our VFM conclusion.
Audit opinion	We issued an unqualified opinion on your financial statements on 26 September 2014. 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 / the Authority's Group, which consists of the Authority itself and Elevate East London LLP, a joint venture (a joint venture between the Authority and Agylisys Ltd).
Financial statements audit	<p>We are pleased to report that our audit of your financial statements did not identify any material adjustments. The Authority made a small number of non-trivial adjustments, most of which were of a presentational nature. There was no impact on the General Fund.</p> <p>We identified one non-trivial audit difference, which management agreed to adjust for. In addition, as part of the audit, we raised three recommendations – two low priority and one medium. These have all been agreed with management and further details are provided within our Isa 260 report.</p>
Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.
Pension fund audit	There were no significant issues arising from our audit of the pension fund.
Whole of Government Accounts	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.
Certificate	The audit cannot be formally concluded and an audit certificate issued as we are considering an objection. Until we have completed our consideration of these, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.
Audit fee	Our fee for 2013/14 for the Authority's accounts was £221,300 excluding VAT and for the Pension Fund £21,000 excluding VAT. This final fee is subject to agreement with the Audit Commission as additional work was required in connection with National Non Domestic Rates. Further details are 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 2013/14.

To ensure openness between KPMG and your Audit Committee about the extent of our fee relationship with you, we have summarised the outturn against the 2013/14 planned audit fee.

External audit

Our final fee for the 2013/14 audit of the Authority was £221,300. This compares to a planned fee of £218,700. The reason for this variance is that we had to complete additional work on the financial statements relating to National Non Domestic Rates where in the past we had audited this income separately as part of certification of grants and returns work.

Our final fee for the 2013/14 audit of the Pension Fund was in line with the planned fee of £21,000 (2012/13 £21,000).

Our fees for the additional work are still subject to final determination by the Audit Commission.

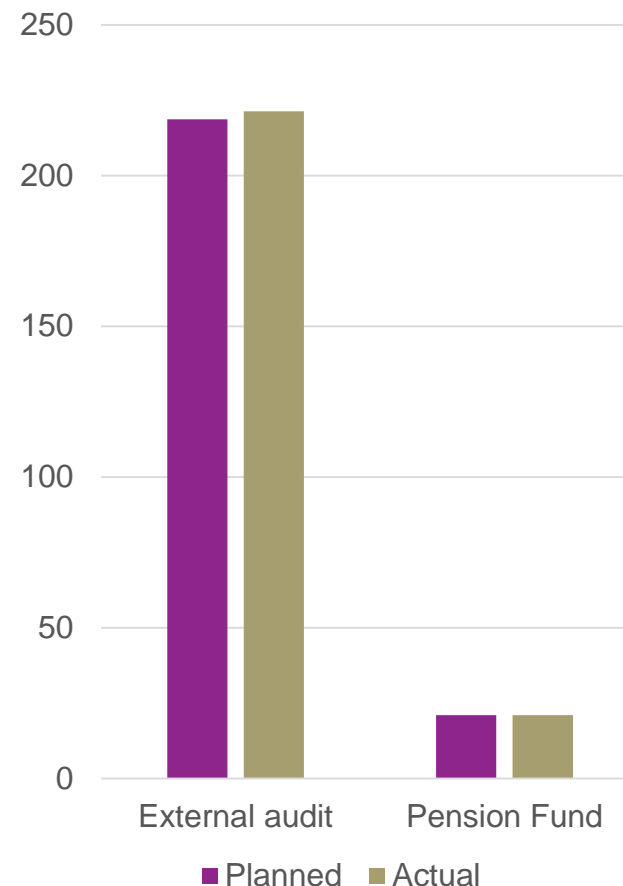
Certification of grants and returns

Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2013/14* which we are due to issue in January 2015. We are expecting the fee to be less than the scale fee as we are not certifying the National Non Domestic Rates grant claim.

Objections

We are continuing to address the matters that have been brought to our attention by a local authority elector relating to the 2013/14 accounts. Our fee for this work has therefore not yet been finalised.

External audit fees 2013/14 (£'000)





cutting through complexity™

© 2014 KPMG LLP, a UK public limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).