



# Annual Audit Letter 2015/16

London Borough of Islington

—

October 2016

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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.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 Phil Johnstone, 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.

## Section one

# Headlines

This Annual Audit Letter summarises the outcome from our audit work at London Borough of Islington in relation to the 2015/16 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 2014/15 on 29 September 2016. 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 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.</p> <p>We issued an unqualified opinion on the pension fund financial statements as part of our audit report.</p>
<b>Financial statements audit</b>	<p>Our audits of the Authority's financial statements and those of the Pension Fund did not identify any significant adjustments to figures in the principal financial statements. As with previous years, the Authority has produced high quality draft financial statements and working papers and ensured staff are available to answer audit questions and resolve questions on a timely basis.</p>
<b>Other information accompanying the financial statements</b>	<p>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.</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>	<p>The audit cannot be formally concluded and an audit certificate issued as we are considering elector queries relating to 2013/14, 2014/15 and 2015/16. 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 Local Audit and Accountability Act 2014.</p>
<b>Audit fee</b>	<p>Our scale fee for the audit was £202,830 plus VAT (£270,440 in 2014/15) as set by Public Sector Audit Appointments (PSAA). This fee was in line with that highlighted within our audit plan presented to the Audit Committee in March 2016. Our scale fee for certification for Housing Benefit Subsidy was £24,912 plus VAT and fees for the Teachers Pension Return and Pooling Housing Capital Receipts were £6,000 in total, plus VAT (£6,000 in 2014/15).</p> <p>The scale fee for the Pension fund was £21,000 (2014/15 £21,000) plus VAT. The fee is in line with that highlighted in our audit plan presented by the Audit Committee in March 2015.</p>

# Appendix 1: Summary of reports issued

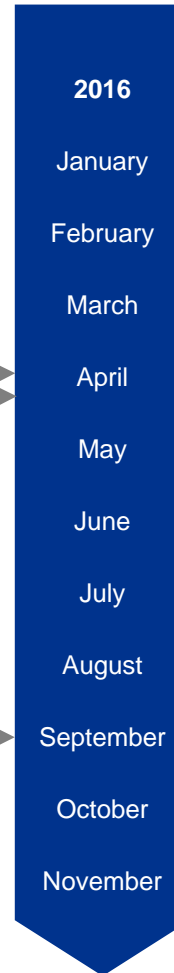
This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can be accessed via the Audit Committee pages on the Authority's website at [www.islington.gov.uk](http://www.islington.gov.uk).

**External Audit Plan February 2016**  
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.

**Audit Fee Letter April 2016**  
The Audit Fee Letter set out the proposed audit work and draft fee for the 2016/17 financial year.

**Auditor's Report September 2016**  
The Auditor's Report included our audit opinion on the financial statements (including the pension fund accounts) along with our VFM conclusion.



**Certification of Grants and Returns February 2016**  
This report summarised the outcome of our certification work on the Authority's 2014/15 grants and returns.

**Report to Those Charged with Governance September 2016**  
The Report to Those Charged with Governance summarised the results of our audit work for 2015/16 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.

**Annual Audit Letter October 2016**  
This Annual Audit Letter provides a summary of the results of our audit for 2015/16.

# Appendix 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 fee for the 2015/16 audit was £202,830 plus VAT, which is in line with the planned fee ((£270,440 in 2014/15).

Our final fee for the 2015/16 audit of the Pension Fund was in line with the planned fee of £21,000 (2014/15 £21,000)

Our fees are still subject to final determination by Public Sector Audit Appointments.

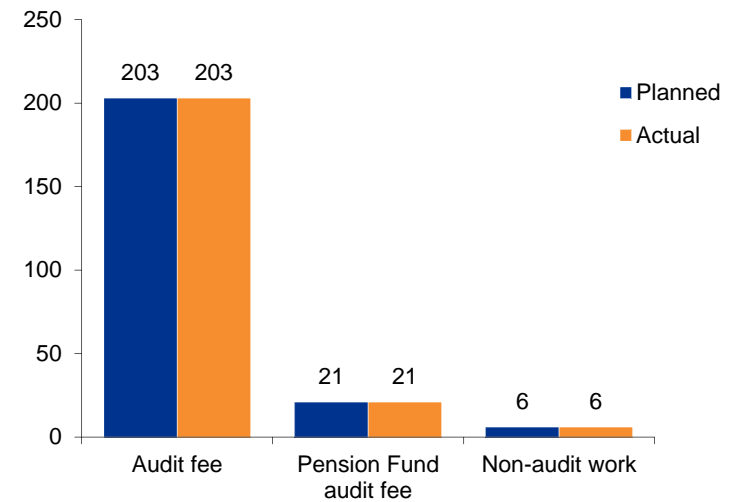
### Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in February 2017.

### Other services

We charged £6,000 for additional audit-related services for the certification of the End of Year Certificate grant claim Pooling of Housing Capital Receipts and Teachers Pension Return, which are outside of Public Sector Audit Appointment's certification regime.

External audit fees 2015/16 (£'000)





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