



Annual Audit Letter 2015/16

East Sussex County Council

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.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 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). 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 East Sussex County Council in relation to their 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.

<p>VFM conclusion</p>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 21 July 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>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.</p>
<p>VFM risk areas</p>	<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 risk assessment identified the following VFM risks:</p> <ul style="list-style-type: none"> — Bexhill - Hastings Link Road — Better Care Fund <p>There are no matters of any significance arising as result of our audit work in these VFM risk areas.</p> <p>We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p>
<p>Audit opinion</p>	<p>We issued an unqualified opinion on the Authority's financial statements on 21 July 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>
<p>Financial statements audit</p>	<p>We identified an audit difference which relates to a reclassification of fixed assets. We also identified an error in the Lease's note. Both of these were corrected by management and neither of which had an impact on the Comprehensive Income and Expenditure Statement (CIES) or Reserves.</p> <p>We did not identify any uncorrected audit differences.</p> <p>We have not identified any control findings or other recommendations in the course of our audit.</p> <p>As part of our audit work we followed up on the Authority's progress against previous audit recommendations. We are pleased to report that the Authority has taken appropriate action to address the issues that we have previously highlighted through high priority recommendations.</p>
<p>Annual Governance Statement</p>	<p>We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.</p>

Section one

Headlines (cont.)

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Pension fund audit	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.
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	We have received an objection to the Authority's financial statements which we are currently considering. This means that we are not yet able to issue our certificate.
Audit fee	Our fee for 2015/16 was £83,572 for the Council, excluding VAT. This is a reduction in audit fee, compared to 2014/15, of £27,857 (25%). Further detail is contained in Appendix 3.

Appendix 1: Summary of reports issued

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

External Audit Plan (March 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.

Reports to Those Charged with Governance (July 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 issued a separate report for the audit of the pension fund.

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

Auditor's Report (July 2016)

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

Annual Audit Letter (September 2016)

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

2016

January

February

March

April

May

June

July

August

September

October

November

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 fee for the 2015/16 audit of the Authority was £83,572, which is in line with the planned fee

Our final fee for the 2015/16 audit of the Pension Fund was in line with the planned fee of £26,603.

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

Other services

We also perform additional audit-related services for the certification of the Teachers Pension Authority return which is outside of Public Sector Audit Appointment's certification regime. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in September 2016.

We also charged £3,713 for tax advice. This work was not related to our responsibilities under the Code of Audit Practice.



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