



cutting through complexity™

Annual Audit Letter 2010/11

Bury Metropolitan Borough Council

November 2011

The contacts at KPMG in connection with this report are:

Trevor Rees

Partner

KPMG LLP (UK)

Tel: 0161 246 4063

trevor.rees@kpmg.co.uk

Heather Garrett

Manager

KPMG LLP (UK)

Tel: 0161 246 4294

heather.garrett@kpmg.co.uk

Gemma Douse

Assistant Manager

KPMG LLP (UK)

Tel: 0161 246 4257

gemma.douse@kpmg.co.uk

Report sections

- Headlines

Page

2

Appendices

1. Summary of reports issued
2. Audit fees

4

5

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 Trevor Rees, the appointed engagement lead to the Authority, who will try to resolve your complaint. Trevor is also 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. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421.

This report summarises the key findings from our 2010/11 audit of Bury Metropolitan Borough Council (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 2010/11 financial statements and the 2010/11 VFM conclusion.

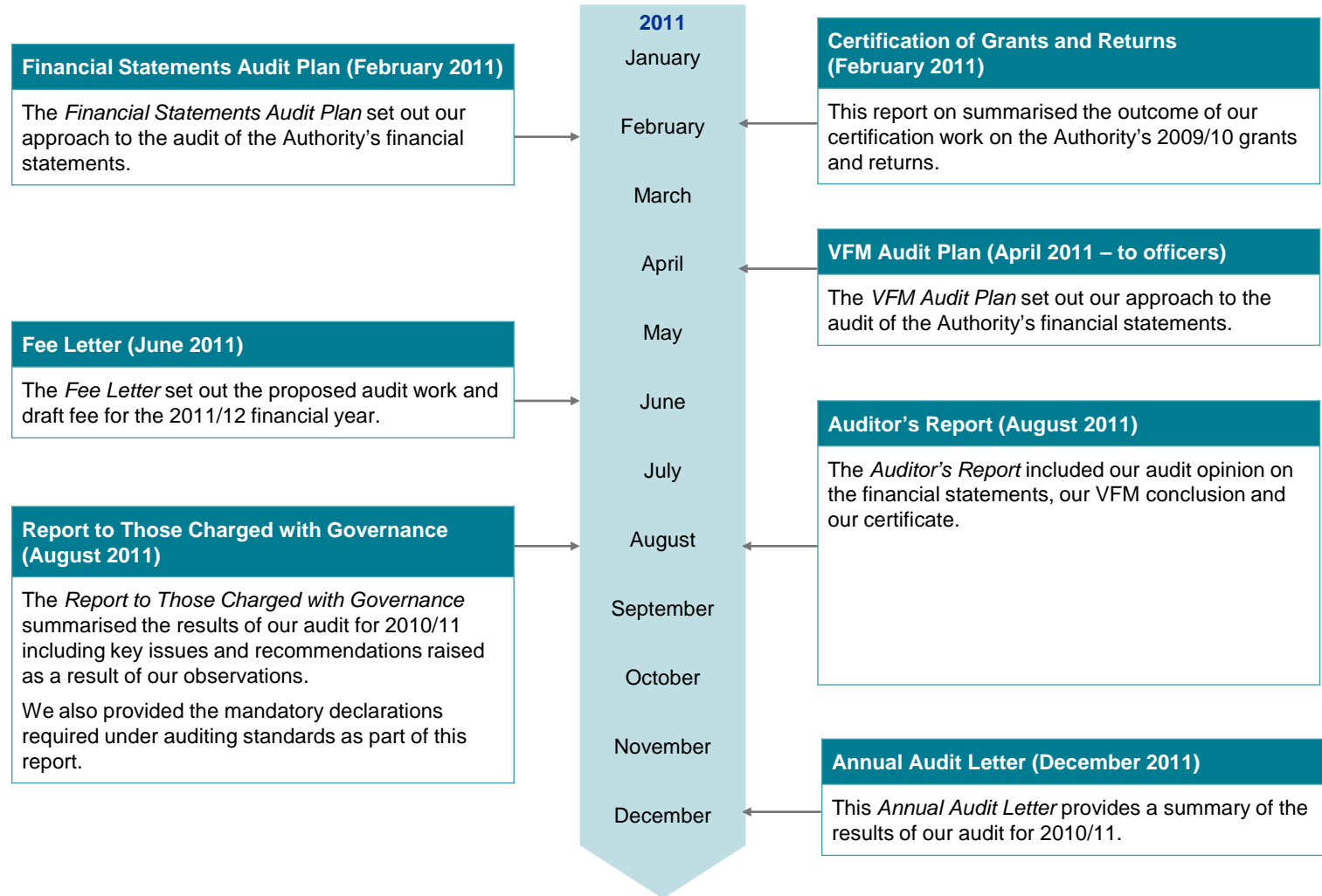
All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

VFM conclusion	<p>We issued an unqualified value for money ('VFM') conclusion for 2010/11 on 31 August 2011.</p> <p>This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness in your use of resources.</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	<p>We identified one significant risk to our VFM conclusion, which was in relation to the financial pressures faced by the Authority following the Government's Comprehensive Spending Review. We have considered the arrangements you have put in place to mitigate these.</p> <p>Our work identified that the Authority is continuing to plan for the significant challenges ahead, particularly in relation to the 2012/13 budget setting process and the updated Medium Term Financial Strategy.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 31 August 2011. 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>
Financial statements audit	<p>The following significant findings, arising from the financial statements audit, were reported to those charged with governance:</p> <ul style="list-style-type: none"> ■ Three adjusted audit differences were identified relating to: <ul style="list-style-type: none"> ■ the asset valuations of Council dwellings; ■ the disclosure of the pensions past service cost within the Income and Expenditure Account and Movement in Reserves Statement; and ■ the presentation of the holiday pay accrual. ■ We also reported that a difference exists between the fair value of financial instruments as estimated by the authority (based on the information from their treasury management advisors) and that per the UK Debt Management Office (DMO). As this is a disclosure, no audit adjustment was required.
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>

High priority recommendations	<p>We raised a number of recommendations as a result of our 2010/11 work. None of the recommendations raised were high priority or were critical to the operation of the Authority's controls.</p> <p>All medium and low priority recommendations raised will be followed up as part of our 2011/12 controls work.</p>
Certificate	<p>We issued our certificate on 31 August 2011.</p> <p>The certificate confirms that we have concluded the audit for 2011/12 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>
Audit fee	<p>Our fee for 2010/11 was £285,000, excluding VAT, this is in line with the planned fee as reported in the annual audit plan for 2010/11. 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.

To make sure that there is openness between us and your Audit Committee about the extent of our fee relationship with you, we have summarised below the outturn against the 2010/11 planned external audit fee.

External audit

Our final fee for the 2010/11 audit of the Bury Metropolitan Borough Council was £285,000, this is in line with the planned fee as reported to members in the annual audit plan.

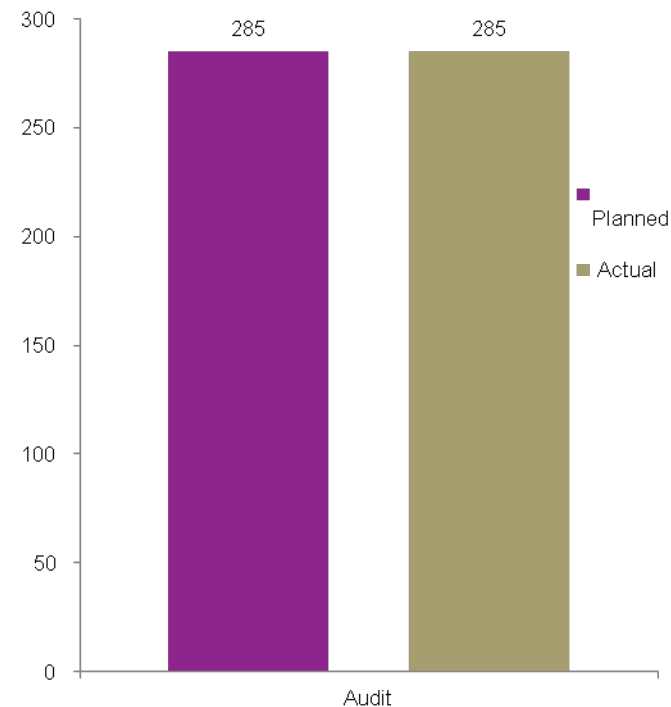
Certification of grants an returns

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

Other services

We have not provided any other services to the authority during ending 31 March 2011.

External audit fees 2010/11 (£'000)





cutting through complexity™

© 2011 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP 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).