



AUDIT COMM  
21 FEB 2017  
ITEM 6

# Technical update

Incorporating the External Audit Progress Report

Charnwood Borough Council

9 February 2017

# Contents

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in connection with this  
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**External audit progress report**

**Technical developments**

**Appendix**

1. 2016/17 audit deliverables

**Page**

3

5

10

This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors. The report also highlights the main technical issues which are currently having an impact in local government. If you require any additional information regarding the issues included within this report, please contact a member of the audit team. We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

 High impact

 Medium impact

 Low impact

 For information



# External audit progress report

# External audit progress report

This document provides the Audit Committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report.

Area of responsibility	Commentary
<b>Financial statements</b>	<p>Since the Audit Committee meeting on 29 November 2016 we have commenced our planning work for the 2016/17 audit. We have:</p> <ul style="list-style-type: none"> <li>• met with the Director of Resources on 10 January 2017 to understand the current issues and priorities facing the Authority;</li> <li>▪ updated our risk assessment and developed our detailed Audit Plan which we will present to the Audit Committee in February 2017. This will set out the scope of the audit in more detail;</li> <li>• Held a workshop focussed on Local Government early closure of accounts; and</li> <li>• Held a workshop for key members of your finance team who will be involved in and responsible for the 2016/17 close down and statement of accounts.</li> </ul>
<b>Certification of claims and returns</b>	<p>Under our terms of engagement with Public Sector Audit Appointments we have undertaken prescribed work in order to certify the Authority's housing benefit grant claim.</p> <p>Under separate assurance engagements we have certified your pooling of housing capital receipts return.</p> <p>We have issued a separate grants certification report which we will present to the Audit Committee in February 2017.</p>
<b>Summary of upcoming work</b>	<p>Our upcoming work ahead of the next Audit Committee includes:</p> <ul style="list-style-type: none"> <li>▪ Undertaking our interim work in February 2017 in advance of the final accounts audit. As part of this work, we will: <ul style="list-style-type: none"> <li>• Complete our review over the appropriateness and application of general Information Technology (IT) controls operating over the key financial systems; and</li> <li>• Assess the effectiveness of your financial controls by completing the 'walk-throughs' of the key financial systems and control testing on a sample of transactions.</li> </ul> </li> <li>▪ Completing mandatory fraud inquiries with the Authority, including Internal Audit; and</li> <li>▪ Carrying out our risk assessment in respect of your value for money arrangements, in particular assessing progress being made in identifying opportunities for revenue savings/income generation and tracking savings achieved to date.</li> </ul>



# Technical developments

# PSAA's Value For Money Tool

Level of impact: ● (Low)	KPMG perspective
<p>The PSAA's Value for Money Profiles tool (VFM Profiles) was updated on 3 October 2016.</p> <p>The VFM profiles have been updated with the latest available data. The adult social care section has been re-designed based on the new adult social care financial return (ASC-FR). Data is available from 2014/15 onwards with no comparable data from earlier years.</p> <p>The VFM profiles have also been updated with the latest available data from the following sources:</p> <ul style="list-style-type: none"><li>— General fund revenue account budget (RA) (2016/17)</li><li>— Child and working tax credit statistics (2014/15)</li><li>— Children in low-income families local measure (2015)</li><li>— Chlamydia testing activity dataset (CTAD) (2015)</li><li>— Climate change statistics: CO2 emissions (2014)</li><li>— Collection rates for council tax and non-domestic rates in England (2015/ 16)</li><li>— Council tax demands and precepts statistics (2016/17)</li><li>— Fuel poverty sub-regional statistics (2014)</li><li>— Homelessness statistical release (P1E) (2015/16)</li><li>— Housing benefit speed of processing (2015/16)</li><li>— Mid-year population estimates (2015)</li><li>— NHS health check data (2015/16)</li><li>— Planning applications (2015/16)</li><li>— Schools, pupils and their characteristics (2015/16)</li><li>— Young people from low income backgrounds progressing to higher education (2013/14)</li></ul> <p>The Value For Money Profiles can be accessed via the PSAA website at <a href="http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing">http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing</a></p>	<p><i>The Committee may wish to seek further understanding for areas where the Authority appears to be an outlier. Note that not all of the services are provided directly by the Authority.</i></p>

# Consultation on 2017/18 work programme and scales of fees

### Level of impact: ● (For Information)

Public Sector Audit Appointments Ltd (PSAA) has published its consultation on the 2017/18 work programme and scales of fees.

The consultation sets out the work that auditors will undertake at principal local government and police bodies for 2017/18, with the associated scales of fees. The consultation document, and the lists of individual scale fees, are available on the 2017/18 work programme and scales of fees consultation page of the PSAA website: [www.psa.co.uk/audit-and-certification-fees/201718-work-programme-and-scales-of-fees](http://www.psa.co.uk/audit-and-certification-fees/201718-work-programme-and-scales-of-fees)

There are no planned changes to the overall work programme for 2017/18. It is therefore proposed that scale fees are set at the same level as the scale fees applicable for 2016/17.

The work that auditors will carry out on the 2017/18 accounts will be completed based on the requirements set out in the *Local Audit and Accountability Act 2014* and under the *Code of Audit Practice*.

The consultation closed on Thursday 12 January 2017. PSAA will publish the final work programme and scales of fees for 2017/18 in March 2017.

This is the final year for which PSAA will set fees under the current transitional arrangements. The Secretary of State for Communities and Local Government has specified PSAA as an appointing person for principal local government and police bodies, under the provisions of the *Local Audit and Accountability Act 2014* and the requirements of the *Local Audit (Appointing Person) Regulations 2015*.

This means that PSAA will make auditor appointments under new audit contracts to bodies that choose to opt into the national scheme the company is developing, for audits of the accounts from 2018/19.

Further information is available on the appointing person page of the PSAA website: [www.psa.co.uk/supporting-the-transition/appointing-person](http://www.psa.co.uk/supporting-the-transition/appointing-person)

# Overview of Local Government

Level of impact: ● (For Information)

The NAO has recently published an Overview of Local Government

The overview looks at the local government landscape and summarises both matters of likely interest to Parliament and the National Audit Office's (NAO's) work with local authorities. These include Local Government Responsibilities, Funding and Service Spending and the findings from the NAO's work on Local Government.

The overview is available from the NAO website at [www.nao.org.uk/report/overview-local-government](http://www.nao.org.uk/report/overview-local-government)



# Appendix

## Appendix 1

# 2016/17 audit deliverables

Deliverable	Purpose	Timing	Status
<b>Planning</b>			
Fee letter	Communicate indicative fee for the audit year	April 2016	Done
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	February 2017	Done
<b>Substantive procedures</b>			
Report to those charged with governance (ISA 260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Authority's value for money arrangements.	September 2017	TBC
<b>Completion</b>			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2017	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2017	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2017	TBC
<b>Certification of claims and returns</b>			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	February 2018	TBC



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