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**Report of the Director or Resources**

**Report to Corporate Governance and Audit Committee**

**Date: 28<sup>th</sup> January 2015**

**Subject: KPMG report – Annual Audit Letter 2013/14**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

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**Summary of main issues**

1. In accordance with proper audit practice, KPMG have issued a summary of the key audit findings for the 2013/14 financial year (**see Appendix 1**). The report concludes that the auditors have been able to provide unqualified opinions in respect of all the areas they are required to assess.

**Recommendations**

2. Members are asked to note the conclusions and recommendations arising from the 2013/14 external audit process.

## **1 Purpose of this report**

- 1.1 To provide a summary of the key external audit findings in respect of the 2013/14 financial year.

## **2 Background information**

- 2.1 Section 4 of the Code of Audit Practice 2010 for Local Government bodies requires external auditors to issue an Annual Audit Letter. The purpose of preparing and issuing annual audit letters is to communicate to the audited body and external stakeholders, including members of the public, the key issues arising from auditors' work. The annual audit letter should cover the work carried out by auditors since the previous annual audit letter was issued and matters previously reported to those charged with governance.

## **3 Main issues**

- 3.1 Members should note the assurances KPMG give in respect of:

- An unqualified Value for Money conclusion. It was considered the Authority continues to make good progress in achieving the savings required from the reductions in government funding, although it is becoming increasingly difficult;
- An unqualified audit opinion on the 2013/14 Statement of Accounts;
- The Annual Governance Statement complies with proper practice and is consistent with the auditors understanding of the Authority;
- The Financial Statements audit found the accounts to be well prepared with few significant matters arising. It was identified the Authority had not fully disclosed details required in relation to Private Finance Initiative Schemes. Further to this, several changes were made from the draft financial statements, mainly to incorporate property valuations received late in the process;
- The Council's Whole of Government Accounts return to the HM Treasury was consistent with the audit financial statements. The Authority did not achieve the deadline for submission of the WGA return to the Department for Communities and Local Government (DCLG) and auditors by 30 June. This was submitted 15 August. The Authority made the decision to delay completing the return due to other competing pressures such as completing the draft financial statements.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

This is a factual report based on evidence provided by the external auditors and consequently no public, Ward Member or Councillor consultation or engagement has been sought.

## **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 This is a factual report based on evidence provided by the external auditors and has no direct implications for equality, diversity, cohesion and integration.

## **4.3 Council policies and City Priorities**

4.3.1 As this is a factual report based on evidence provided by the external auditors there are no direct implications for Council policies or City priorities.

## **4.4 Resources and value for money**

4.4.1 As this is a factual report based on evidence provided by the external auditors there are no direct implications for resources. The report does however include an audit opinion on whether the Council has proper arrangements for securing value for money.

## **4.5 Legal Implications, Access to Information and Call In**

4.5.1 Under Section 4 of the Code of Audit Practice 2010 for Local Government bodies, external auditors are required to issue an Annual Audit Letter summarising the main audit findings in relation to the financial year.

4.5.2 As this is a factual report based on evidence provided by the external auditors none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

## **4.6 Risk Management**

4.6.1 KPMG have confirmed that the Council has adequate controls in place to mitigate the key risks identified within the 2013/14 external audit reports.

## **5 Conclusions**

5.1 There are no major issues arising from the work of external audit and officers continue to actively implement any recommendations raised in the reports.

## **6 Recommendations**

6.1 Members are asked to note the conclusions and recommendations arising from the 2013/14 audit process.

## **7 Background documents<sup>1</sup>**

7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.