



## Report of the Director of Resources

### Corporate Governance and Audit Committee

Date: 18<sup>th</sup> April 2011

Subject: KPMG report – Value For Money audit approach 2010/11

#### Electoral Wards Affected:

Ward Members consulted  
(referred to in report)

#### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

## 1.0 Executive Summary

- 1.1 In order to discharge its statutory duties, KPMG has outlined its approach to assessing the Authority's arrangements to secure value for money in the use of resources. KPMG's approach is based on the Audit Commissions guidance and focuses on the two key criteria identified by the Commission. The attached report details the audit approach and identifies some of the key risks the Council faces.
- 1.2 Officers recognise the risks identified and continue to work towards managing these risks.

## 2.0 Purpose Of This Report

- 2.1 To inform members of KPMG's audit plan for the audit of the Council's Value for Money arrangements. The attached report from KPMG highlights the risk based approach to the audit and the main risks they have identified for 2010/11.

## 3.0 Background Information

- 3.1 KPMG's statutory responsibilities and powers are set out in the Audit Commission Act 1998, The Local Government Act 1999 and the Audit Commission's Code of Audit Practice. As the Council's external auditors, KPMG are required to conclude as to whether the Council has arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

## 4.0 Main Issues

- 4.1 Based on the requirements of the Audit Commission, KPMG will structure their approach around two key criteria to replace the ten key lines of enquiry required under the previous Use of Resources audit regime. These two key criteria are as follows:
- Arrangements in place for securing financial resilience,
  - Arrangements for challenging how it secures economy, efficiency and effectiveness.

4.2 Based on these key criteria, KPMG have identified a number of significant risks: risks:

- Managing with less;
- Early leavers initiative;
- Waste Management.

KPMG will consider the arrangements put in place by the Council to mitigate these risks and will then consider what further audit work is required.

#### **4.0 Implications For Council Policy And Governance**

5.1 Under the Committee's terms of reference members are required to agree the nature and scope of the external audit plan.

#### **6.0 Legal And Resource Implications**

6.1 The report by KPMG outlines how they propose to discharge their responsibilities as defined by the Audit Commission Act 1998, The Local Government Act 1999 and the Audit Commission's Code of Audit Practice.

#### **7.0 Conclusions**

7.1 KPMG have provided the Council with an initial plan for discharging their responsibilities in respect of the assessment of the Council's arrangements for securing value for money. KPMG will up date this Committee in June on how the audit approach is progressing as part of their interim audit. KPMG will then report on their final conclusions to this Committee in September.

#### **8.0 Recommendations**

8.1 Members are asked to note the external audit approach to assessing the Council's arrangements for securing Value for Money.

#### **Background Documents Used**

Financial Statements Audit Plan, reported to Corporate Governance & Audit Committee 14<sup>th</sup> February 2011.