

WILTSHIRE COUNCIL

AUDIT COMMITTEE

26 JULY 2017

Subject: KPMG: REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2016/2017

Cabinet member: Philip Whitehead – Finance

Key Decision: No

Purpose of Report

1. To present KPMG's "Report to those charged with governance" to the Audit Committee and to invite Members to consider their response. KPMG will attend the meeting of the Audit Committee to present the report and to respond to any queries.

Background

2. This report has been prepared by the Council's external auditor (KPMG) and it summarises the conclusions and key issues arising from the recent audit of the Council's financial statements and their assessment of the Council's arrangements to secure value for money (vfm) in its use of resources.

Main Considerations for the Council

3. The headlines are in the summary of the KPMG report. These are summarised as follows:
 - KPMG anticipates issuing an unqualified audit opinion.
 - KPMG have concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. KPMG anticipates issuing an unqualified VFM audit opinion.
 - KPMG identified three audit adjustments to the draft financial statements, two of which relate to technical accounting adjustments and the third is a presentational re-categorisation within short term creditors. These adjustments only affect the presentation of the financial statements and do not affect the General Fund or HRA balances. They have all been adjusted by the Council.

- The adjustments are summarised below. Full details are included in the KPMG report):
 - The first adjustment relates to the re-categorisation of creditor balances between sundry creditors and local authority creditors within the short term creditors note.
 - The second adjustment relates to presentational changes within the Comprehensive Income and Expenditure Statement, Revaluation Reserve and Capital Adjustment Account in relation to movements in the fair value of investment properties.
 - The third adjustment relates to the upwards revaluation of HRA and PFI beacon properties by the Council's external valuer,

Overview and Scrutiny Engagement

4. There is a 30 working day public inspection period where interested parties may come in inspect the accounts.

Safeguarding Implications

5. None have been identified as arising directly from this report.

Public Health Implications

6. None have been identified as arising directly from this report.

Procurement Implications

7. None have been identified as arising directly from this report.

Equalities Impact of the Proposal

8. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

9. None have been identified as arising directly from this report.

Risk Assessment

10. There are no direct risk implications associated with this report.

Financial Implications

11. KPMG's Report to those charged with Governance is relevant to the Council's financial arrangements.

Legal Implications

12. KPMG's Report to those charged with Governance is relevant to the Council's legal arrangements.

Recommendations

13. That the Audit Committee considers the ISA 260 report from external auditors in its receipt of the draft accounts for 2016/2017. Based upon that advice, and subject to any issues raised as a result of that consideration, the Audit Committee delegates the signing of the letter of the management representation letter to the Chairman of the Audit Committee.

Reason for Recommendations

14. To present KPMG's Report to those charged to governance to the Audit Committee and to invite Members to consider their response.

MICHAEL HUDSON

Associaite Director, Finance

Report Author: Matthew Tiller – Chief Accountant

The following unpublished documents have been relied on in the preparation of this report:

None.

Appendices:

Appendix A - KPMG Report to Those Charged With Governance (ISA 260)
2016/2017