



Governance & Audit Committee 6 July 2016

External Audit Progress Report and Technical Update

Purpose of report

To provide an overview of audit progress and a technical update prepared by the Council's External Auditors, KPMG.

Attachment(s):

Appendix 1 – External Audit Progress Report and Technical Update

1.0 Introduction

1.1 KPMG are the Council's appointed External Auditors for 2015/16.

2.0 External Audit Progress

2.1 The document in Appendix 1 provides the Governance and Audit Committee with a high level overview of progress by KPMG in delivering their responsibilities as the council's external auditors.

2.2 More information can be found on page 4 of Appendix 1 on the following key areas:

- What work has been undertaken
- Initial findings following interim audit
- Further work to be undertaken during the final accounts visit

3.0 KPMG Resources

3.1 The report provides further information and access to reports or articles that KPMG have published which might be of interest to members. These are:

- Value of Audit – Perspectives for Government. This report looks at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust.
- Reimagine – Local Government. There are a number of reports under this headline. More information can be found on page 7 of Appendix 1
- The Future of Cities. This report helps local government leaders build and evaluate sustainable cities for current and future generations.

4.0 Technical Update

4.1 The report also highlights the main technical developments which are currently having an impact on local government.

4.2 Further detail on the technical updates can be seen in the report at Appendix 1 from page 10 onwards. These can be summarised as follows:

- New local audit framework – latest update
- Modern Slavery Act 2015 – highlights needs for local authorities to consider what needs to be done to ensure compliance
- CIPFA/LASAAC briefing on Highway Network Assets
- Exercising Electors' Rights – 2015/16 changes
- DCLG consultation on pension fund investment returns
- Councillors' Travel Expenses

- Capital Receipts Flexibility
- 2015/16 Code of Practice Update
- 2016/17 Work Programme and Scale of Fees
- NAO Report on 'English Devolution Deals'
- Greater Manchester Combined Authority

5.0 Equality and Diversity Implications

5.1 There are no known equalities issues arising from this report.

6.0 Legal Implications

6.1 There are no known legal implications arising from this report.

7.0 Risk Management

7.1 This report provides a high level overview on progress from the external auditors on delivery of their responsibilities as the council's external auditors. Any risks identified are covered within the report at Appendix 1.

8.0 Resource and Financial Implications

8.1 There are no resource or financial implications arising from the report.

9.0 Constitutional Implications

9.1 Part 3, section 2 will require amendment as a result of any changes to the provision of Internal Audit services.

10.0 Customer Service Implications

10.1 There are no customer service implications arising from the report.

11.0 Corporate Outcomes

11.1 This report links to the Corporate Outcome of Effective Management.

(Demonstrating financial sustainability over the medium term, contributing to the effective management of the Council)

12.0 Recommendations

12.1 The Governance and Audit Committee is asked to:

- Note the contents of this report.

(Reason – this is an information report which sets out the arrangements for 2015/16 External Audit of the Statement of Accounts)

Legal	Power: Audit Commission Act 1998, the Local Government Act 1999 and the Audit Commission's Code of Audit Practice.				
	Other considerations:				
Background Papers:					
Person Originating Report: Michelle Drewery, Finance Manager mdrewery@east-northamptonshire.gov.uk					
Date: 24/06/16					
CFO		MO		CX	

(Committee Report Normal Rev. 22)



Technical update

Incorporating the External Audit Progress Report


East Northamptonshire Council

June 2016


Contents

The contacts at KPMG in connection with this report are:		Page
Jon Gorrie Director KPMG LLP (UK) Tel: +44 (0)121 232 3645 Jonathan.gorrie@kpmg.co.uk	External audit progress report	3
	KPMG resources	5
	Technical update	9
	Appendices	
Yola Geen Manager KPMG LLP (UK) Tel: +44 (0) 7785 590300 yola.geen@kpmg.co.uk	1. 2015/16 audit deliverables	24

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
Financial statements	<p><i>Our audit plan did not identify any specific financial statement risks.</i></p> <p><i>We have completed our interim audit visit, including testing of controls of significant systems. This year we have included reviews of your revenue systems (NDR, Council Tax and NDR), in addition to those reviewed in previous years (Cash, Property Plant and Equipment, Payroll, Pensions and non pay expenditure). We have also undertaken testing of your GITCs (General IT Controls). There are no issues that we need to bring to your attention at this time.</i></p> <p><i>We are undertaking detailed planning of our final accounts visit, which is due to start on 4 July 2016.</i></p> <p><i>We have agreed earlier reporting deadlines with your Officers, as a first step towards meeting the changed national timetable for 2017/18.</i></p>
Value for Money	<p><i>We have undertaken our initial risk assessment and identified financial resilience and capacity as an area requiring specific audit attention, and this was set out in our audit plan. We are continuing to consider the Council's arrangements to address the risk raised, and have met with Senior Officers to better understand the current and longer term issues facing the Council.</i></p> <p><i>We will finalise our work in this area during our final accounts visit.</i></p>
Certification of claims and returns	<p><i>We have undertaken our initial planning for the review of your Housing Benefits claim and provided sample details to your officers. There are no other returns which require examination.</i></p>



KPMG resources

Publication 'Value of Audit - Perspectives for Government'

What does this report address?

This report builds on the Global Audit campaign – *Value of Audit: Shaping the future of Corporate Reporting* – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed.

Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future.

What are the key issues?

- The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements.
- The importance of trust and independence of government across different markets.
- How government audits can provide accountability thereby enhancing the government's controls and instigating decision-making.
- The importance of technology integration and the issues that need to be addressed for successful implementation
- The degree of reliance on government financial reports as a result of differing approaches to conducting government audits

The *Value of Audit: Perspectives for Government* report can be found on the KPMG website at <https://home.kpmg.com/xx/en/home/insights.html>

The *Value of Audit: Shaping the Future of Corporate Reporting* can be found on the KPMG website at www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx

Publication 'Reimagine - Local Government'

KPMG have published a number of reports under the headline of *Reimagine – Local Government*. These are summarised below:

Council cash crunch: New approach needed to find fresh income

- By 2020, councils must generate all revenue locally.
- More and more are looking towards diversifying income streams as an integral part of this.
- Councils have significant advantages in becoming a trusted, independent supplier.
- To succeed, they must invest in developing commercial capability and capacity.

Councils can save more than cash by sharing data

- Better data sharing in the public sector can save lives and money.
- The duty to share information can be as important as the duty to protect it.
- Local authorities are yet to realise the full value of their data and are wary of sharing information.
- Cross-sector structures and the right leadership is the first step to combating the problem.

English devolution: Chancellor aims for faster and more radical change

- Experience of Greater Manchester has shown importance of strong leadership.
- Devolution in areas like criminal justice will help address complex social problems.
- Making councils responsible for raising budgets locally shows the radical nature of these changes.
- Cuts to business rates will stiffen the funding challenge, even for the most dynamic councils.

Senior public sector pensions

- Recent changes to pensions taxation have particularly affected the public sector, with fears senior staff may quit as pension allowances bite.
- 'Analyse, control, engage' is the bedrock of an effective strategy.

Time for the Care Act to deliver

- Momentum behind last year's Care Act risks stalling.
- Councils are struggling to create an accessible care market with well-informed consumers.
- Local authorities must improve digital presence and engage providers.
- Austerity need not be an impediment to progress. It could be an enabler.

The publications can be found on the KPMG website <https://home.kpmg.com/uk/en/home/insights/2016/04/reimagine-local-government.html>

Publication 'The future of cities'

We are delighted to share *The future of cities*, a report that helps local government leaders build and evaluate sustainable cities for their current and future generations.

What is *The future of cities*?

The future of cities is a global report that follows from the UK firm's thought leadership partnership with the City of Bristol and the work surrounding its European Green Capital 2015 designation. The report is broken into two modules that draw on the expertise of KPMG practitioners around the world and includes a range of case studies to ensure you find approaches relevant to your context.

The first module, *The future of cities: creating a vision*, explains the central role of vision in the success of second cities, identifying seven guiding principles to make cities more attractive. Examples are provided of various cities around the globe that are putting some of these principles into action.

The second, *The future of cities: measuring sustainability*, discusses some of the ways in which cities are being measured and how these metrics could evolve. More important, it provides practical examples of what leading cities are doing, the lessons to be learned and how these can be applied to other cities.

This content is now featured on kpmg.com/futurecities where readers can access a broader collection of reports and shorter opinion pieces from KPMG's leading thinkers on different aspects on how to create better, more sustainable places to live and work.



Technical developments

New local audit framework

Level of impact: ● (Medium)	KPMG perspective
<p>The <i>Local Audit and Accountability Act 2014</i> included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20.</p> <p>DCLG have now announced that the audit contracts for principal local government bodies (including district, unitary and county councils, police and fire bodies, transport bodies, combined authorities and national parks) will be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies will need to appoint their own auditors; currently, there is nothing definite in place whether there will be a sector-led body that is able to undertake this role on behalf of bodies. However the Local Government Association (LGA) has been seeking views and expressions of interest to gauge the appetite in the sector for this approach.</p> <p>CIPFA have now issued guidance that was commissioned by DCLG on the creation of Auditor Panels. The guidance is available at www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf. The guidance provides options on establishing an Auditor Panel, and the roles and responsibilities the panels will have once established.</p> <p>NHS and smaller local government bodies (town and parish councils, and internal drainage boards), will not have their contracts extended, and will have to appoint their own auditors for 2017/18, one year earlier than for larger local government bodies.</p>	<p><i>Members may wish to discuss the options open to them on how to procure their auditor for 2018/19 and beyond and ensure they formulate a timetable for making this decision.</i></p>

Modern Slavery Act 2015

Level of impact: ● (Medium)	KPMG perspective
<p>The <i>Modern Slavery Act 2015</i> has now been enacted.</p> <p>All organisations, including local authorities / public bodies, with a year end on or after 31 March 2016 and a turnover greater than £36m have to produce a statement about the current financial year setting out what steps they have taken to ensure that slavery or human trafficking is not occurring in their supply chain or in their own organisation.</p> <p>All local authorities should already be considering what needs to be done to ensure compliance.</p> <p>Background</p> <p>The Act introduces the concept of 'transparency in supply chains' and requires all commercial organisations which carry on a business in the UK with a total annual turnover of at least £36 million to produce an annual slavery and human trafficking statement. Local authorities satisfy the definition of 'commercial organisations' set out in the Act, so many will be caught.</p> <p>A supply chain includes both direct and indirect suppliers and is very wide ranging including outsourced services supplied by agencies. Local authorities need to be satisfied that modern slavery does not exist at any point in the chain leading to a good or service supplied to them.</p> <p>Examples of suppliers where risks may exist across all departments are:</p> <ul style="list-style-type: none">— firms engaged to build / refurbish public buildings / areas;— agencies supplying cleaners; and— suppliers of repair / maintenance materials and / or services. <p>As recent cases in the media demonstrate, modern slavery is not something occurring solely outside the UK and the implications both reputationally and legally can be significant.</p>	<p><i>The Committee may wish to seek assurances how their Authority is progressing with the new requirements.</i></p>

Modern Slavery Act 2015 (cont.)

What should the statement include?

The statement must set out what steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not occurring either in your supply chain or within your own organisation. Although a statement could simply be made saying no steps have been taken in relation to slavery and human trafficking, the legislation suggests the statement should cover the following:

- The organisation's structure, business and supply chains;
- Its policies in relation to slavery and human trafficking;
- Its due diligence processes in relation to slavery and human trafficking;
- The parts of its business and supply chain where there is a risk of slavery and human trafficking taking place and the steps it has taken to assess and manage that risk;
- Its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chain measured against appropriate performance indicators;
- The training and capacity building about slavery and human trafficking available to its staff.

The statement needs to be approved and published on the website, with a link in a prominent place on the website's home page. The statement should be published within six months of the financial year end.

There are no financial or criminal penalties for failing to produce a statement, although the Secretary of State may seek an injunction through the High Court requiring the organisation to comply. However, the reputational damage an organisation may suffer if it chooses not to report or to take no action may be significant.

What should local authorities be doing?

There is obviously a lot for local authorities to consider in order to be able to publish their first statement relating to the current financial year. In preparation they should be considering what type of statement they want to make, who will be responsible for compliance, how they identify and assess the risks of slavery and trafficking in their supply chain and how they determine the level of due diligence that needs to be undertaken, what policies and training is going to be put in place and how they are going to ensure effective ongoing monitoring and review. But the clock is ticking and time is running out.....

For further information or if you would like us to come out and see you to discuss how the Modern Slavery Act could impact the Authority please contact Julie Bruce (Julie.bruce@kpmg.co.uk) (0115 935 3420) or your local KPMG contact

CIPFA/LASAAC briefing on Highway Network Assets

Level of impact: ● (Low)	KPMG perspective
<p>Authorities will be aware that the CIPFA/LASAAC consultation on the Draft Code of Practice on the Highways Network Asset (HNA Code) closed in April 2016.</p> <p>Following the consultation, the second in a series of Briefings on the Highways Network Asset has been made available on the CIPFA website at: http://www.cipfa.org/policy-and-guidance/local-authority-highways-network-asset.</p> <p>The Briefing covers the HNA Code consultation, the definition of the Highways Network Asset, 2015/16 reporting requirements and the Central Assurance process.</p> <p>Further guidance, and future briefings, on this topic are also available on this same webpage.</p>	<p><i>The Committee may wish to understand the progress their Authority has made in its plans to meet the new reporting requirements.</i></p>

Exercising electors' rights - 2015/16 changes

Level of impact: ● (Low)	KPMG perspective
<p>Authorities may be aware that the <i>Accounts & Audit Regulations 2015</i> have introduced new arrangements for the exercise of electors' rights, which take effect from the 2015/16 financial statements. One of the most significant changes is that the auditor is no longer required to 'call the audit' and specify a date upon which electors can meet with the auditor and ask questions about the accounts.</p> <p>Regulation 15 requires the Responsible Financial Officer (RFO), after signing and dating the draft accounts on behalf of the Authority, to commence the period for the exercise of electors' rights. This period is limited to 30 working days, and for 2015/16 must include the first 10 working days of July.</p> <p>Authorities should also note that Regulation 9(2) is clear that the authority's meeting to consider and approve the accounts should take place after the period for the exercise of electors' rights has ended. Due to the requirement in Regulation 15 for a common inspection period during July, the inspection period this year cannot end before 14 July 2016. This means that authorities should not approve and publish their accounts before 15 July 2016.</p> <p>Electors' rights are important, and the courts have in the past been critical of those who have not ensured that adequate provision for the exercise of these rights is made.</p> <p>Auditors are mindful that they may be contacted by electors or their representatives during the 30 working day inspection period. Given the limited time available, auditors will ensure that they have adequate arrangements in place during the prescribed period for receiving and identifying promptly whether any correspondence received includes formal questions under the <i>Local Audit and Accountability Act 2014</i>, and/or objections to the accounts.</p>	<p><i>The Committee may wish to seek assurances that the impact for their Authority is understood.</i></p>

DCLG consultation on pension fund investment returns

Level of impact: ● (Low)	KPMG perspective
<p>The Department for Communities and Local Government (DCLG) has recently closed a consultation on revised regulations for the investment of local government pension scheme assets. The proposed regulations include the proposal to allow pension schemes to pool assets for investment purposes.</p> <p>The revised regulations can be found here at www.gov.uk/government/publications/local-government-pension-scheme-investment-reform-criteria-and-guidance</p> <p>The outcome of the consultation will be published here: https://www.gov.uk/government/consultations/revoking-and-replacing-the-local-government-pension-scheme</p>	<p><i>The Committee may wish to enquire of officers whether their Authority responded to the consultation and the views expressed.</i></p>

Councillors' travel expenses

Level of impact: ● (Low)	KPMG perspective
<p>HM Revenue and Customs (HMRC) are in the process of contacting Local Authorities to commence PAYE and NIC compliance reviews focusing on the historic treatment of councillors' mileage expenses. Those authorities that are unable to demonstrate they have reported payments correctly face a tax and NIC charge, with interest and potentially penalties applying.</p> <p>The previous rules</p> <p>Up until 5 April 2016, HMRC could agree that for some councillors, home is a place of work and therefore the cost of journeys to council offices could be paid free of tax and NIC. This could have been the case where, for example, councillors were required to see constituents at home. HMRC do not accept however that working from home out of choice makes home a place of work and in these cases, any expenses reimbursed in respect of travel to council offices should have been subject to tax and NIC.</p> <p>HMRC Compliance Reviews</p> <p>Those local authorities that are unable to support their historic treatment of councillor mileage expenses face a liability to unpaid PAYE, NIC, interest and potentially penalties going back four, and possibly six, years. It will be important for local authorities to review their expenses records to determine how travel expenses have been treated and the processes and rationale behind that treatment. Given that different councillors can have different working patterns it will be important to review the treatment on a case by case basis.</p> <p>The new rules</p> <p>With effect from 6 April 2016, a new exemption has been introduced for councillors' travel expenses. From this date, a councillor's journey between their home and their office will be treated as 'business travel' which means that any mileage expenses reimbursed for this journey will, up to certain limits, be free of tax and NIC (subject to their home not being more than 20 miles outside the relevant authority boundary).</p> <p>How KPMG can help</p> <p>KPMG's public sector Employment Tax specialists provide practical advice on dealing with HMRC Employer Compliance reviews. We regularly assist local authorities in liaising with HMRC and staying ahead of legislative and practice developments. If you would like to speak to one of our specialists please contact your normal KPMG contact.</p>	<p><i>The Committee may wish to seek assurances how their Authority is progressing with the new requirements.</i></p>

Capital receipts flexibility

Level of impact: ● (Low)	KPMG perspective
<p>The 2015 Spending Review included an announcement that local authorities would be able to use capital receipts on the revenue costs of service reform projects. The Department for Communities and Local Government (DCLG) has now issued guidance on the capital receipts flexibility, including a draft direction setting out the types of project that would qualify and expected governance and transparency framework. In summary:</p> <ul style="list-style-type: none">— the flexibility is available from 1 April 2016 to 31 March 2019;— only capital receipts generated during that period can be used for the flexibility;— the Secretary of State's direction will have the effect of allowing authorities to treat revenue expenditure on service reform as capital during the three year period;— authorities will not be allowed to borrow to fund revenue expenditure on service reform; and— authorities are required to have regard to a statutory code which contains certain transparency requirements when taking advantage of the flexibility. <p>We understand that DCLG's aim is that the final signed direction will be issued with the final settlement in February 2016.</p> <p>A copy of the draft guidance can be found at www.gov.uk/government/uploads/system/uploads/attachment_data/file/486999/Capital_receipts_flexibility_-_draft_statutory_guidance_and_direction.pdf</p>	<p><i>The Committee may wish to seek assurances how their Authority is planning to use the new flexibility.</i></p>

2015/16 Code of Practice Update

Level of impact: ● (Low)	KPMG perspective
<p>CIPFA/LASAAC has issued an update to the <i>2015/16 Code of Practice on Local Authority Accounting in the United Kingdom</i> (the Code) following its consultation process. The 2015/16 Code update should be read alongside the 2015/16 Code published in April 2015.</p> <p>Authorities should note that the update confirms the transitional reporting requirements for the measurement of the Highways Network Asset. The Code does not require a change to the preceding year information for the move to measuring the Highways Network Asset at current value (and under that provision would not require a change to the balance sheet information at 1 April 2015). It also does not require a restatement of the opening 1 April 2016 information but there will need to be an adjustment to those balances.</p> <p>The Code update also includes amendments as a result of legislative changes and particularly the <i>Accounts and Audit Regulations 2015</i> for English authorities. It specifies the principles for narrative reporting which CIPFA/LASAAC considers should be used to meet the new requirements of those regulations.</p>	<p><i>The Committee may wish to seek assurances that their Authority is aware of the update to the 2015/16 Code</i></p>

2016/17 Work Programme and Scale of Fees

Level of impact: ● (For Information)

Following consultation, Public Sector Audit Appointments Ltd (PSAA) has published the work programme and scale fees for the audits of the 2016/17 accounts of principal audited bodies. There are no changes to the overall work programme for 2016/17.

The 2016/17 work programme documents and scale fees for individual audited bodies are now available to view on the PSAA website at <http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees>

NAO report 'English devolution deals'

Level of impact: ● (For Information)

Published on 20 April, this report finds that devolution deals to devolve power from central government to local areas in England offer opportunities to stimulate economic growth and reform public services for local users, but the arrangements are untested and government could do more to provide confidence that these deals will achieve the benefits intended.

The report is available free of charge and the full version or a summary can be accessed at <https://www.nao.org.uk/report/english-devolution-deals/>

Greater Manchester Combined Authority'

Level of impact: ● (For Information)

Greater Manchester Combined Authority (GMCA) has pioneered the concept of local devolution within England. 'Devo Manc' encompasses a broad range of proposals to address the challenges and opportunities GM is facing:

Health and Social Care

Greater Manchester is facing an estimated financial deficit of c. £2 billion by 2020/21. A Memorandum of Understanding was signed in February 2015 between all partners in GM, committing the region to produce a comprehensive Strategic and sustainable Plan for health and social care.

As part of the Plan, GM is seeking to use its share of the £8 billion promised to the NHS in the CSR to support new recurrent costs and protect social care budgets, closing over a quarter of the funding gap. A further investment by the partners of £500 million, phased over three years, will release future recurrent savings with a likely payback of £3 for every £1 invested.

GM proposals

In addition, GM has made a number of proposals to reform the way public services work together and deliver services within the region:

- Investment in transport infrastructure
- New funding mechanisms to support site remediation and infrastructure provision
- Making better use of Social Housing Assets to support growth
- Locally led low carbon
- A scaled-up GM Reform Investment Fund
- Devolution of decision making for apprenticeships and training, and reform to careers advice and guidance
- Fundamental review of the way services to children are delivered
- Research and innovation funding
- Investment in integrated business support to drive growth and productivity
- Reform of the New Homes Bonus
- Further employment and skills reform
- GM approach to data sharing across public agencies
- Fiscal devolution, including reform to Business Rates, Council Tax, Stamp Duty Land Tax and a Hotel Bed Tax

All of these proposals involve joint working, not just with other GM agencies, but also central government departments. This allows the existing financial resources provided to the region to be redeployed more efficiently to maximise the benefits to GM.

Proposed changes to business rates and core grants

Level of impact: ● (For Information)

The Chancellor of the Exchequer has proposed some radical reforms of local government finance. The proposals are that by the end of the decade, councils will retain all locally raised business rates but will cease to receive core grant from Whitehall.

Under the proposals, authorities will be able to keep all the business rates that they collect from local businesses, meaning that power over £26 billion of revenue from business rates will be devolved.

The uniform national business rate will be abolished, although only to allow all authorities the power to cut rates. Cities that choose to move to systems of combined authorities with directly elected city wide mayors will be able to increase rates for specific major infrastructure projects, up to a cap, likely to be set at £0.02 on the rate.

The system of tariffs and top-ups designed to support areas with lower levels of business activity will be maintained in its present state.

'Cities and Local government Devolution Act 2016'

Level of impact: ● (For Information)

Authorities will wish to note that the *Cities and Local Government Devolution Act 2016* received Royal Assent on 28 January 2016. The Act provides the enabling legislation to:

- allow for the election of mayors for a combined authority area;
- allow for the devolution of functions, including transport, health, skills, planning and job support; and
- provide a power to establish sub-national transport bodies which will advise the Government on strategic schemes and investment priorities in their own area.

Most of the changes under the Act, including the implementation of 'devolution' deals, will be implemented by Orders to be made under the Act.



Appendix

Appendix 1

2015/16 audit deliverables

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2015	Done
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	March 2016	Presented to April 2016 Committee
Interim			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	Not required	
Substantive procedures			
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 Council's value for money arrangements.	September 2016	Reporting timescale agreed

Appendix 1

2015/16 audit deliverables (cont.)

Deliverable	Purpose	Timing	Status
Completion			
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 2016	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2016	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2016	TBC
Certification of claims and returns			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	January 2017	TBC



© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.