



cutting through complexity

External Audit 2015/16

Leicestershire County Council

November 2015



External Audit 2015/16

We're looking forward to working closely with you as your external auditors.

Introduction

Audit Team

Recap on audit responsibilities:

- Financial statements audit approach
- VfM audit approach

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Deliverables

Timeline

Your audit team has been drawn from our specialist public sector assurance department.

The audit team will be assisted by other KPMG specialists as necessary.



John Cornett

Director

“My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion.

I will be the main point of contact for the Corporate Governance Committee, Chief Executive and .”



Daniel Hayward

Manager

“I am responsible for the management, review and delivery of the audit.

I will work closely with John to ensure we add value.

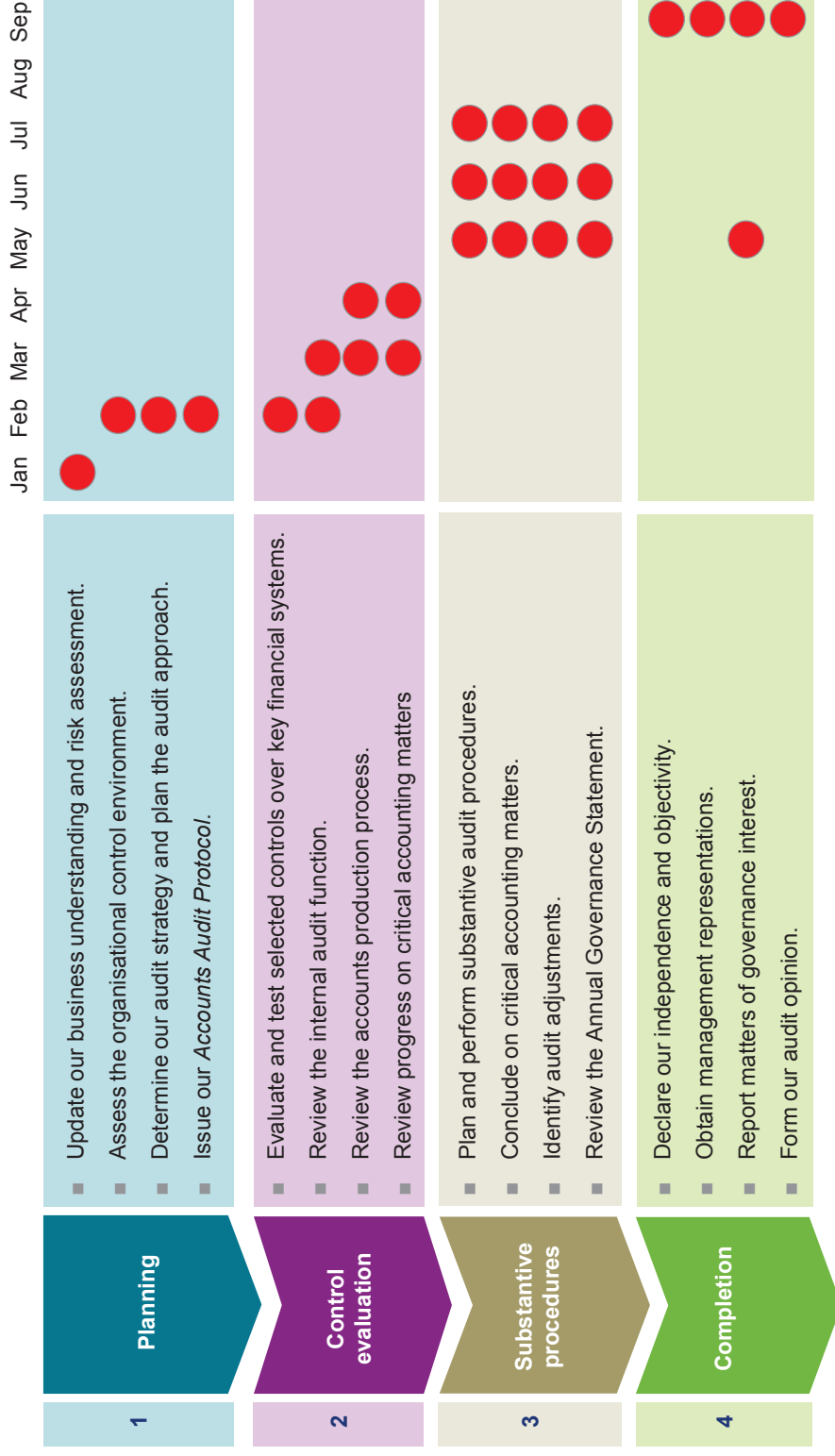
I will liaise with the Head of Corporate Finance and Head of Internal Audit.”

Financial statements audit approach

We undertake our work on your financial statements in four key stages during 2016:

- **Planning**
(January to February).
- **Control Evaluation**
(February to April).
- **Substantive Procedures** (June to August).
- **Completion**
(September).

We have summarised the four key stages of our financial statements audit process for you below.

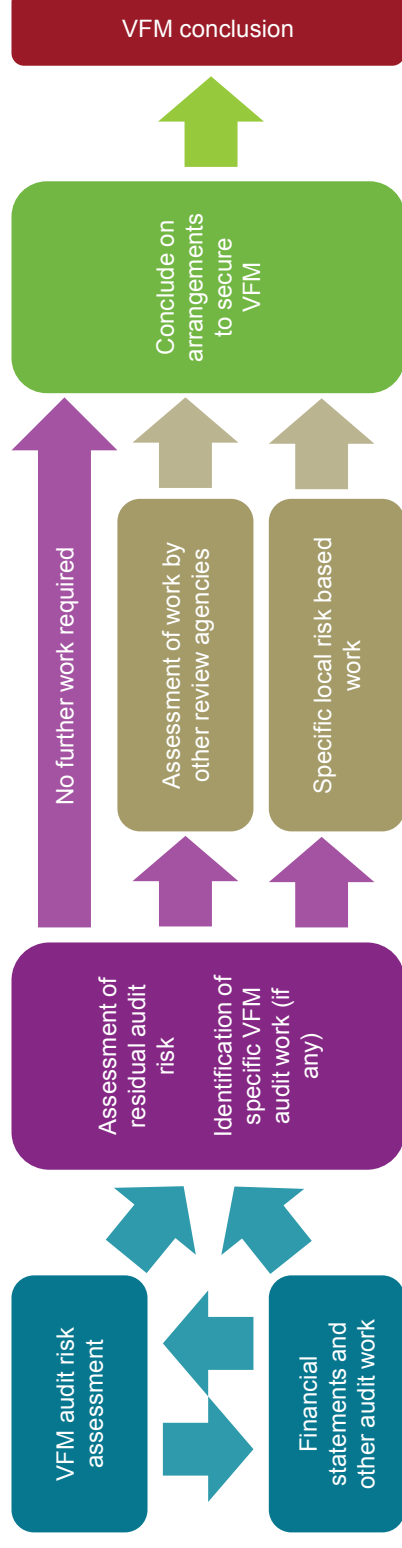


VFM audit approach

We will follow a risk based approach to target audit effort on the areas of greatest audit risk.

Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.



Specified criteria for VFM conclusion	Focus of the criteria	Sub-sections
The organisation has proper arrangements in place for securing financial resilience .	The organisation has robust systems and processes to: - manage effectively financial risks and opportunities; and - secure a stable financial position that enables it to continue to operate for the foreseeable future.	- Financial governance - Financial planning - Financial control
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness .	The organisation is prioritising its resources within tighter budgets, for example by: - achieving cost reductions; and - improving efficiency and productivity.	- Prioritising resources - Improving efficiency and productivity

Audit deliverables

At the end of each stage of our audit we issue certain deliverables, including reports, statements and opinions.

Our key deliverables will be delivered to a high standard and on time.

We will discuss and agree each report as appropriate with the Authority's officers prior to publication.

Deliverable	Purpose	Committee dates
Planning		
External Audit Plan	■ Outlines our audit approach. ■ Identifies areas of audit focus and planned procedures.	February 2016
Control evaluation		
Interim Report	■ Details control and process issues. ■ Identifies improvements required prior to the issue of the draft financial statements and the year-end audit.	May 2016
Control evaluation and Substantive procedures		
Report to Those Charged with Governance (ISA 260 Report)	■ Details the resolution of key audit issues. ■ Communicates adjusted and unadjusted audit differences. ■ Highlights performance improvement recommendations identified during our audit. ■ Comments on the Authority's value for money arrangements.	September 2016
Completion		
Auditor's Report	■ Provides an opinion on the Authority's and Pension Fund accounts (including the Annual Governance Statement). ■ Concludes on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2016
Whole of Government Accounts	■ Provide our assurance statement on the Authority's WGA pack submission.	September 2016
Pension Fund Annual Report	■ We provide an opinion on the consistency of the Pension Fund annual report with the Pension Fund accounts.	September 2016
Annual Audit Letter	■ Summarises the outcomes and the key issues arising from our audit work for the year.	November 2016

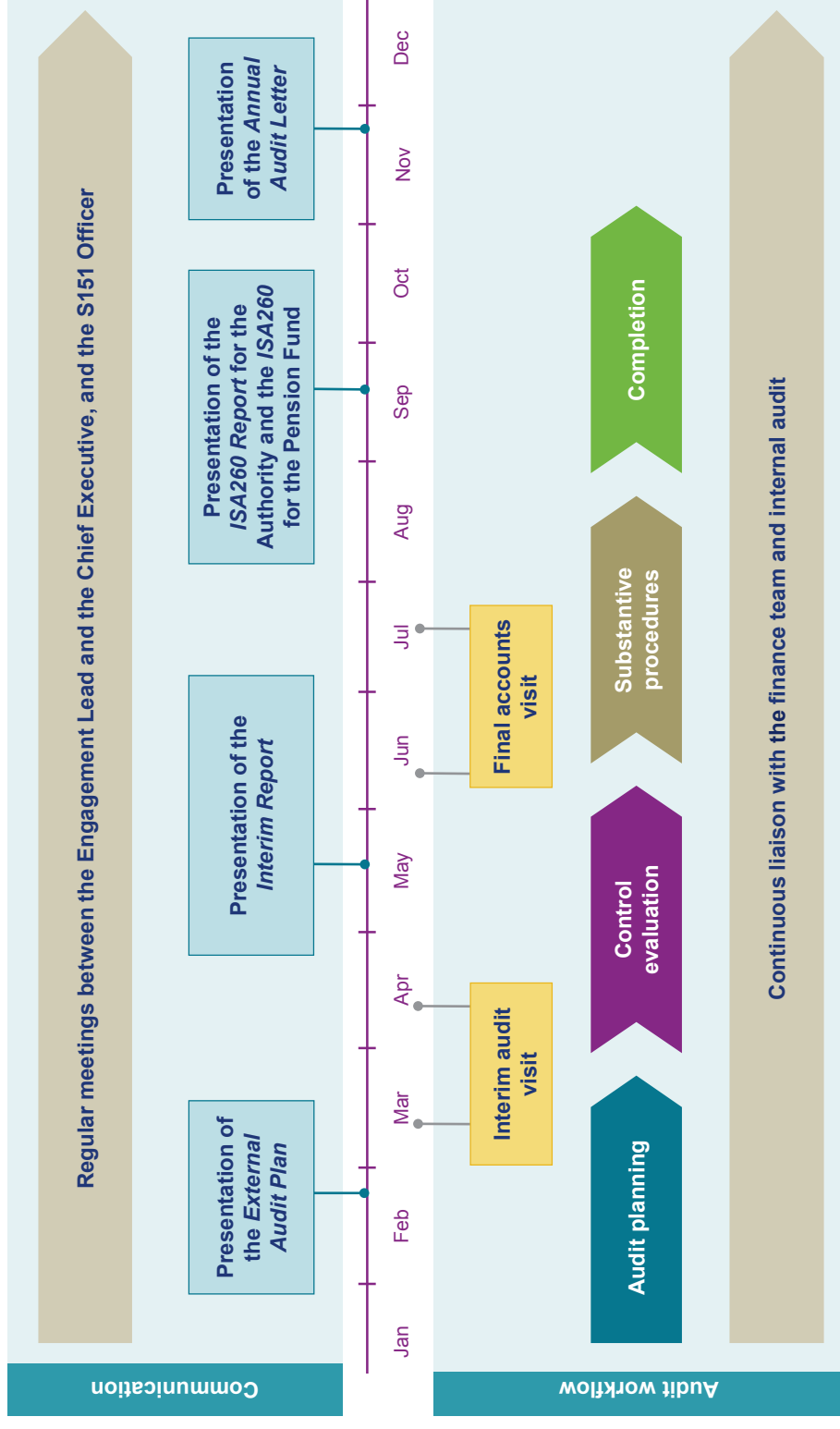
Audit timeline

We will be in continuous dialogue with you throughout the audit.

Key formal interactions with the Corporate Governance Committee are:

- February – External Audit Plan;
- May – Interim Report;
- September – ISA 260 Report; and
- November – Annual Audit Letter.

We work with the finance team and internal audit throughout the year.



Key: ● Corporate Governance Committee meetings.



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