



CORPORATE GOVERNANCE COMMITTEE – 22 SEPTEMBER 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

EXTERNAL AUDIT OF THE 2016/17 STATEMENT OF ACCOUNTS, ANNUAL GOVERNANCE STATEMENT & PENSION FUND ACCOUNTS

Purpose of Report

1. To report the key findings from the external audit of the 2016/17 financial statements and approve the draft letter of representation.

Background

2. KPMG, the County Council's external auditor, are required to communicate the results of the 2016/17 audit of the Council's financial statements to those charged with governance prior to certifying the statement of accounts. The draft 2016/17 Statement of Accounts and Annual Governance Statement (AGS) can be viewed on the Council's website via the following link:-

<https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2017/6/1/draft-2016-17-statement-of-accounts-and-annual-governance-statement.pdf>

3. A copy of the auditor's report (ISA260) is attached as Appendix A to this report.
4. A draft copy of the letter of representation is attached as Appendix B to this report for member consideration.
5. John Cornett, the KPMG Director responsible for the County Council audit will attend the Committee meeting on 22 September to communicate any significant findings and answer any questions.

Key Findings of the External Auditor

6. The external auditor has reviewed the financial statements and has concluded that there are no material accounting issues. The external auditor anticipates issuing an unqualified opinion.
7. The auditor has raised two recommendations:
 - Earlier committee approval dates. The earlier closedown requirements for 2017/18 will require earlier committee meeting dates to enable approval of the financial statements by the end of July. Committee officers are aware of the new deadlines and are making appropriate arrangements to the timings of committee dates.

- Key staff changes within the Technical Accounting Team. A key member of the team left at the end of August and will be replaced on 1 October. The new team member has transferred from within the County Council wider finance team and is an experienced qualified accountant. A handover of key tasks has taken place and the timing of the move will provide time before year end. Additional support will be provided by the Technical Accounting Team Manager, external professional training and the stability and support of the team. The Council will continue to have regular catch up meetings with KPMG to ensure the smooth running of the closedown process.

Recommendation

8. The Committee is asked to consider the issues raised in the auditor's report and approve the draft letter of representation.

Equality and Human Rights Implications

9. None.

Circulation Under the Local Issues Alert Procedure

10. None.

Background Papers

None.

Officers to Contact

Chris Tambini, Director of Finance - Strategic Finance and Property
Tel: 0116 305 6199 E-mail: Chris.Tambini@leics.gov.uk

Declan Keegan, Head of Finance
Tel: 0116 305 7668 E-mail: Declan.Keegan@leics.gov.uk

Appendices

Appendix A - External Auditors report
Appendix B - Letter of Representation