

**NORTH LINCOLNSHIRE COUNCIL**

**AUDIT COMMITTEE**

**EXTERNAL AUDIT REPORTS**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

1.1 To consider external audit's reports:

- Annual Audit Letter 2015/16; and
- External Audit Progress Report and Technical Update.

**2. BACKGROUND INFORMATION**

2.1 Each year the council's auditors provide the council with an annual audit letter. This gives an overall summary of external audit's assessment of the council, drawing on final accounts and value for money work. The annual audit letter for 2015/16 is attached as appendix A.

Key messages are:

- An unqualified audit opinion was issued on the 2015/16 accounting statements on 28 September 2016. This means that the financial statements give a true and fair view of the financial position of the council and of its expenditure and income for the year.
- An unqualified value for money conclusion was issued on 28 September 2016. This means external audit is satisfied that the council made proper arrangements for securing financial resilience and challenge how to secure economy, efficiency and effectiveness of its use of resources.

2.2 The Progress Report and Technical Update provides the Audit Committee with a summary on progress in delivering external audit's statutory responsibilities. It also highlights key emerging national issues and developments which may be of interest to Members. A copy of the report is attached in appendix B.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1 The Audit Committee should consider the external auditor's reports and the assurance that has been given or can be implied from their conclusions. The Committee should seek clarification from the external auditors or council officers as necessary.

### **4. ANALYSIS OF OPTIONS**

- 4.1 The Annual Audit Letter complies with statutory requirements governing external audit and inspection work.

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 None.

### **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

- 6.1 An Integrated Impact Assessment is not required.

### **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

- 7.1 The Annual Audit Letter and Progress Report and Technical Update are discussed and agreed with the Director of Policy and Resources.
- 7.2 There are no conflicts of interests to declare.

### **8. RECOMMENDATIONS**

- 8.1 That the Audit Committee notes the Annual Audit Letter and Progress Report and Technical Update.

#### **DIRECTOR OF POLICY AND RESOURCES**

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North Lincolnshire  
DN16 1AB

Author: Helen Asher/Peter Hanmer  
Date: 3 January 2017

#### **Background Papers used in the preparation of this report**

KPMG reports

- Annual Audit Letter 2015/16
- Progress Report and Technical Update



# Annual Audit Letter 2015/16

**North Lincolnshire Council**

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October 2016



# Contents

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2. Audit fees

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psa.co.uk](http://www.psa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

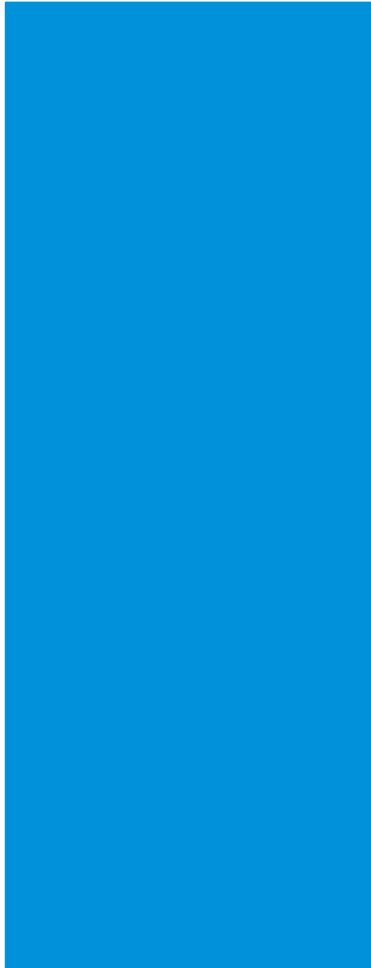
We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Prentice, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This Annual Audit Letter summarises the outcome from our audit work at North Lincolnshire Council in relation to their 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

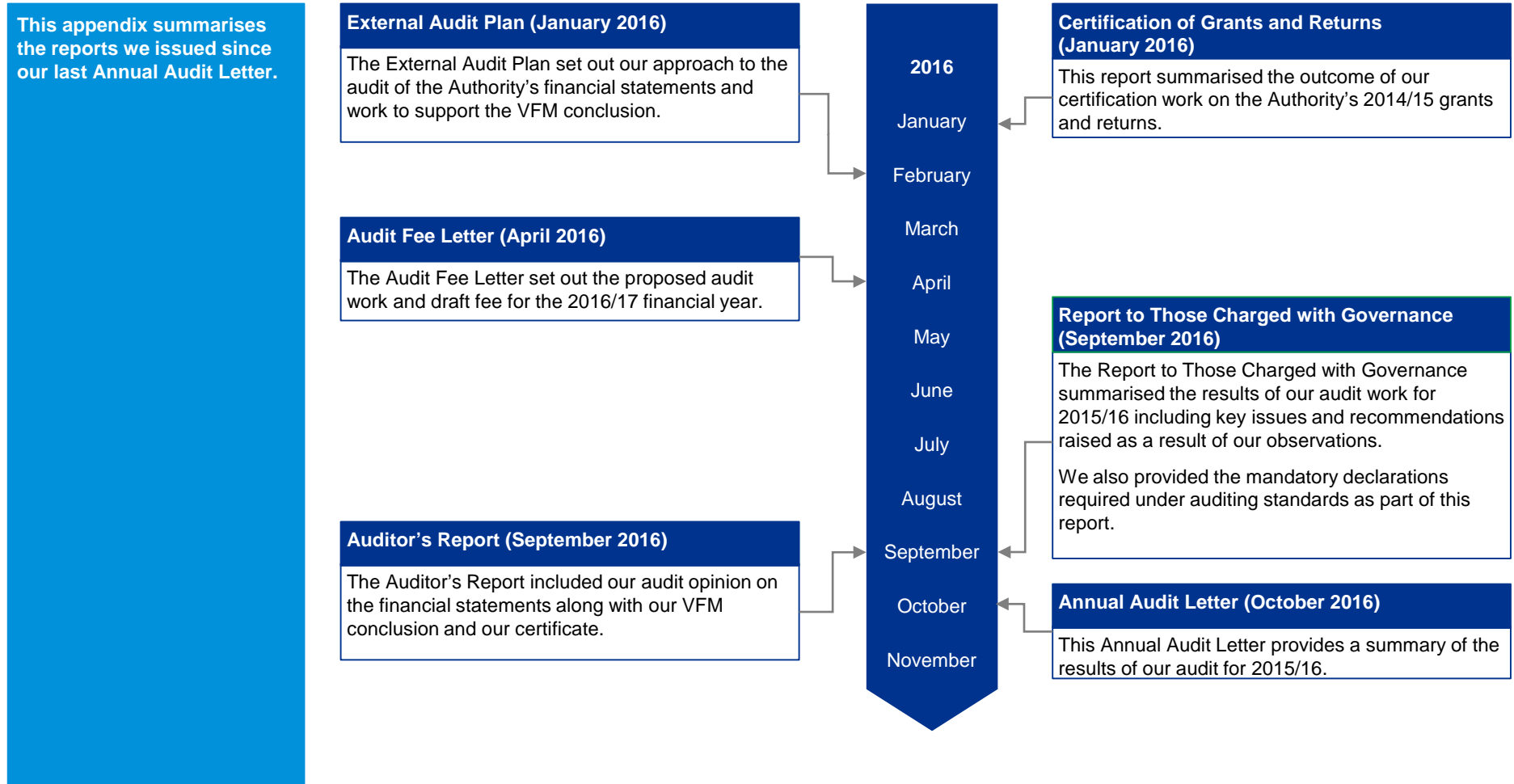
<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 28 September 2016. This means we are satisfied that during the year the Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.</p> <p>To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>
<b>VFM risk areas</b>	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work did not identify any significant matters relating to the VFM conclusion.</p>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on the Authority's financial statements on 28 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p>
<b>Financial statements audit</b>	<p>Our financial statements audit identified one audit adjustment with a total value of £0.383 million. The impact of this adjustment decreased the deficit on provision of services for the year by £0.383 million.</p> <p>Draft accounts were provided to us on time and were supported by good working papers. In addition, finance team officers were available for the audit and were responsive to audit queries.</p>
<b>Annual Governance Statement</b>	<p>We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.</p>
<b>Whole of Government Accounts</b>	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.</p>

# Headlines (cont)



<p><b>High priority recommendations</b></p>	<p>We raised one medium priority recommendation as a result of our 2015/16 audit work. This was in two parts and related to the need for the Authority to improve its IT control environment by updating the policy for requesting user access to the network and to implement a formal process for requesting access to the payroll system.</p> <p>Management have agreed to our recommendation and we will follow this up as part of our 2016/17 work.</p>
<p><b>Certificate</b></p>	<p>We issued our certificate on 28 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit &amp; Accountability Act 2014 and the Code of Audit Practice.</p>
<p><b>Audit fee</b></p>	<p>Our fee for the external audit in 2015/16 was £104,138 (excluding VAT) which is in line with the scale fee included within our agreed Audit Plan. It is £34,712 less than the fee charged in 2014/15 and reflects a 25 per cent reduction in scale fees set by Public Sector Audit Appointments Ltd.</p> <p>We also carried out some additional work for you in 2015/16, totalling £49,000 (excluding VAT). This relates to two pieces of grant certification work (£3,000, each), one workshop relating to the shared services project (£2,000) and a review of care home costs (£41,000). PSAA approved this additional work before it went ahead and full consideration was given to the threats involved to comply with Ethical Standards.</p> <p>Further detail is contained in Appendix 2.</p>

# Appendix 1: Summary of reports issued



# Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

### External audit

Our final fee for the 2015/16 audit of the Authority was £104,138 plus VAT which is in line with the planned fee.

### Certification of grants and returns

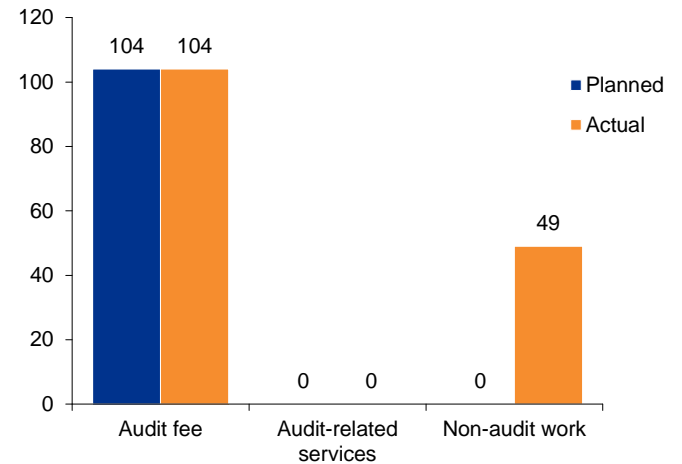
Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefits grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2017.

### Other services

We charged £49,000 (excluding VAT) for the following additional audit-related and non-audit related services in 2015/16:

- £3,000: Teachers Pensions Agency Return certification (grants/returns outside of Public Sector Audit Appointment's certification regime);
- £3,000: National College for Teaching and Leadership return certification (grants/returns outside of Public Sector Audit Appointment's certification regime);
- £2,000: workshop relating to the shared services project; and
- £41,000: review of care home costs.

External audit fees 2015/16 (£'000)







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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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# Technical update

North Lincolnshire Council





January 2017

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The contacts at KPMG in connection with this report are:

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	<b>Technical developments</b>	10
<b>Rob Walker</b> Manager	<b>Appendices</b>	
<b>KPMG LLP (UK)</b> Tel: 0113 231 3519 Rob.Walker@kpmg.co.uk	1. 2016/17 audit deliverables	20

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

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website ([www.psa.co.uk](http://www.psa.co.uk)).

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# 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
Planning	<i>We have commenced detailed planning work for our 2016/17 audit and we will discuss our plan with officers during January to issue a plan later in the month.</i>
Financial statements	<i>We will update this section as we progress our work during the year.</i>
Value for Money	<i>As above</i>
Certification of claims and returns	<p><i>We have recently completed our 2015/16 work on three grant claims and returns to meet the external deadlines. No major issues were identified. The Housing Benefit Subsidy claim is under the PSAA regime and we also completed two other returns outside the PSAA regime. They are:</i></p> <ul style="list-style-type: none"> <li><i>• Teachers Pensions Agency return; and</i></li> <li><i>• National College for Teaching and Leadership Annual Grant Report and Initial Teacher Training Statements of Income and Expenditure.</i></li> </ul> <p><i>A separate grants report will be issued to officers for discussion later in January 2017.</i></p> <p><i>Our 2016/17 work on Housing Benefits will commence in Summer 2017 to be completed in Autumn 2017.</i></p>
Other work	<i>No additional work has been requested .</i>



# KPMG resources

# Inspiring innovative government

*@gov* is a government-focused digital magazine hosted on [kpmg.com](http://kpmg.com). Fresh content is added to *@gov* on a monthly basis and printable digest versions are produced twice annually. Each edition examines a new theme, the first of which is *Transforming government in the age of technology*.

This first edition contains a range of articles, which include articles on:

- establishing digital identities for citizens;
- government data sharing;
- the public policy imperatives of autonomous vehicles; and
- innovations in human service delivery.

The magazine can be downloaded as a PDF from [kpmg.com/atgov](http://kpmg.com/atgov)

# Chief Accountant training events

We are pleased to confirm that we will once again be running a series of local government accounts workshops for key members of your finance team. The workshops are focussed at Chief Accountants and similar staff who will be involved in and responsible for the 2016/17 close down and statement of accounts.

The workshops will be led by our regional local government audit teams supported by our national local government technical lead Greg McIntosh. Details of the agenda and dates will be provided in due course.

For more information, please contact Rob Walker e-mail [rob.walker@kpmg.co.uk](mailto:rob.walker@kpmg.co.uk) telephone 07912 763085.



# 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](http://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>



# Technical developments

# Business Rates Retention

Level of impact: ● (Medium)	KPMG perspective
<p>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.</p> <p>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.</p> <p>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.</p> <p>The system of tariffs and top-ups designed to support areas with lower levels of business activity will be maintained in its present state.</p> <p>Committee members may wish to be aware that, as a result of these proposals, DCLG has launched two consultations on its proposals for 100% retention of business rates by the local government sector.</p> <p>The first consultation seeks to identify issues that should be kept in mind when designing the reforms; the second is a call for evidence to inform the government's fair funding review of what the needs assessment formula should be following the implementation of 100% business rates retention. Both consultations closed on 26 September 2016.</p> <p>The consultation documents are available for both consultations at <a href="http://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention">www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention</a></p>	<p><i>The Committee may wish to enquire of officers whether their Authority responded to the consultation and the views expressed.</i></p>

# NAO Report on Capital Expenditure and Resourcing

Level of impact: ● (Low)	KPMG perspective
<p>Committee members may wish to be aware that the National Audit Office has published its report <i>Financial Sustainability of Local Authorities: Capital Expenditure and Resourcing</i>. This report found that local authorities in England have maintained their overall capital spending levels but face pressure to meet debt servicing costs and to maintain investment levels in their existing asset bases.</p> <p>The report can be accessed via the NAO website at <a href="http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/">www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/</a></p>	<p><i>The Committee may wish to seek assurances that the impact for their Authority is understood.</i></p>

# PSAA's Value For Money Tool

Level of impact: ● (Low)	KPMG perspective
<p>The PSAA's Value for Money Profiles tool (VFM Profiles) was updated on 3 October 2016.</p> <p>The VFM profiles have also been updated with the latest available data from the following sources:</p> <ul style="list-style-type: none"><li>— General fund revenue account budget (RA) (2016/17)</li><li>— Child and working tax credit statistics (2014/15)</li><li>— Children in low-income families local measure (2015)</li><li>— Chlamydia testing activity dataset (CTAD) (2015)</li><li>— Climate change statistics: CO2 emissions (2014)</li><li>— Collection rates for council tax and non-domestic rates in England (2015/16)</li><li>— Council tax demands and precepts statistics (2016/17)</li><li>— Fuel poverty sub-regional statistics (2014)</li><li>— Homelessness statistical release (P1E) (2015/16)</li><li>— Housing benefit speed of processing (2015/16)</li><li>— Mid-year population estimates (2015)</li><li>— NHS health check data (2015/16)</li><li>— Planning applications (2015/16)</li><li>— Schools, pupils and their characteristics (2015/16)</li><li>— Young people from low income backgrounds progressing to higher education (2013/14)</li></ul> <p>The Value For Money Profiles can be accessed via the PSAA website at <a href="http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing">http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing</a></p>	<p><i>The Committee may wish to seek further understanding for areas where their Authority appears to be an outlier.</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>

# CIPFA publication on understanding the financial statements

Level of impact: ● (Low)

KPMG perspective

CIPFA has published a new report titled *Understanding Local Authority Financial Statements*. This is an update of its previous publication *How to Tell the Story*.

The report can be found on the CIPFA/LASAAC pages of the CIPFA website at [www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board/simplification-and-streamlining-the-presentation-of-local-authority-financial-statements](http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board/simplification-and-streamlining-the-presentation-of-local-authority-financial-statements)

Further to this report, CIPFA/LASAAC undertook a consultation on proposals for the 2017/18 Code of Practice on Local Authority Accounting in the United Kingdom. The headline changes were:

- a new principles-based approach to narrative reporting.
- a review of the Code's provisions on going concern reporting.
- a review of accounting policies provisions in the Code.
- new disclosure on transaction costs for pension fund investments.
- narrow scope amendments to International Financial Reporting Standards.
- legislative changes.
- a new appendix including the provisions for the Code's adoption of IFRS 9 Financial Instruments (note this new appendix will apply to the 2018/19 financial statements).
- a new appendix including provisions for the Code's adoption of IFRS 15 Revenue from Contracts with Customers (note this new appendix will apply to the 2018/19 financial statements).

The details of the consultation can be found at [www.cipfa.org/policy-and-guidance/consultations-archive/201718-code-of-practice-on-local-authority-accounting-in-the-united-kingdom-invitation-to-comment](http://www.cipfa.org/policy-and-guidance/consultations-archive/201718-code-of-practice-on-local-authority-accounting-in-the-united-kingdom-invitation-to-comment)

*The Committee may ask whether their Authority have provided their views in the consultation.*



# NAO report – Children in need of help or protection

Level of impact: ● (Low)	KPMG perspective
<p>The NAO has recently published a report entitled <i>Children in need of help or protection</i> which may be of interest to members.</p> <p>The report finds that the actions taken by the Department for Education since 2010 to improve the quality of help and protection services delivered by local authorities for children have not yet resulted in services being of good enough quality. NAO analysis found that spending on children’s social work, including on child protection, varies widely across England and is not related to quality. Neither the Department for Education nor authorities understand why spending varies.</p> <p>The report finds that nationally the quality of help and protection for children is unsatisfactory and inconsistent, suggesting systemic rather than just local failure. Ofsted has found that almost 80% of authorities it has inspected since 2013 are not yet providing services rated as Good to help or protect children. Good performance is not related to levels of deprivation, region, numbers of children or the amount spent on children in need. Ofsted will not complete the current inspection cycle until the end of 2017, a year later than originally planned. The Department does not therefore have up-to-date assurance on the quality of services for 32% of local authorities.</p> <p>The report also notes that children in different parts of the country do not get the same access to help or protection, finding that thresholds for accessing services were not always well understood or applied by local partners such as the police and health services. In Ofsted’s view some local thresholds were set too high or low, leading to inappropriate referrals or children left at risk. In the year ending 31 March 2015 there were very wide variations between local authorities in the rates of referrals accepted, re-referrals, children in need and repeat child protection plans.</p> <p>The report is available from the NAO website at <a href="http://www.nao.org.uk/report/children-in-need-of-help-or-protection/">www.nao.org.uk/report/children-in-need-of-help-or-protection/</a></p>	<p><i>The Committee may request assurances that their Authority are addressing the issues raised in the report.</i></p>

# Government contracting

### Level of impact: ● (For Information)

The NAO has recently published an overview of its work on the government's management of contracting which Committee members may wish to be aware of, particularly in relation to value for money arrangements.

The publication examines subjects including the government's commercial capability, accountability and transparency, and its management of contracted-out service delivery. It finds that government now spends about £225 billion a year with private and voluntary providers. The role of providers in the public sector has evolved from relatively simple contracts to provide goods or established services, to innovative high profile commissioning arrangements in sensitive public service areas such as health and justice

The overview is available from the NAO website at [www.nao.org.uk/report/government-commercial-and-contracting-an-overview-of-the-naos-work/](http://www.nao.org.uk/report/government-commercial-and-contracting-an-overview-of-the-naos-work/)

# NAO speaks at the Institute for Government

Level of impact: ● (For Information)

The Comptroller & Auditor General, Sir Amyas Morse, recently made a keynote speech at the Institute for Government about the need for greater prioritisation in government, and made a case for recognising and addressing the skills gap in the civil service, particularly in digital skills.

In the light of the EU referendum result, he also highlighted the need for government to take a more strategic approach, including deprioritising some issues.

The full text of the speech can be at [www.nao.org.uk/event/keynote-speech-by-sir-amyas-morse-kcb-21-july/](http://www.nao.org.uk/event/keynote-speech-by-sir-amyas-morse-kcb-21-july/)



# Appendix

## Appendix 1

# 2016/17 audit deliverables

Deliverable	Purpose	Timing	Status
<b>Planning</b>			
Fee letter	Communicate indicative fee for the audit year	April 2016	Completed
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2017	To be completed later in January 2017
<b>Interim</b>			
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.	March 2017	TBC
<b>Substantive procedures</b>			
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 2017	TBC

## Appendix 1

# 2016/17 audit deliverables (cont.)

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



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