

BOROUGH OF KETTERING

Committee	MONITORING AND AUDIT COMMITTEE	Item A1	Page 1 of 2
Report Originator	KPMG	Forward Plan Ref: N/A	
Wards Affected	All	26th January 2016	
Title	EXTERNAL AUDIT REPORTS		

1. PURPOSE OF REPORT

To present the following three reports from the Council's External Auditors (KPMG);

- a) The Annual Audit letter following completion of the audit of accounts for 2014/15;
- b) The Certification and Grants letter that summarises the results of the external audit work carried out by KPMG on the certification of the Council's 2014/15 grants claims and returns;
- c) The 2015/16 Financial Statements Audit Plan, which details the work KPMG intend to carry out with regard to the Council's 2015/16 Statement of Accounts.

The reports have been prepared by the Council's external auditor and a representative from KPMG will be at the meeting to present these reports and answer Members' questions.

2. ANNUAL AUDIT LETTER (a)

- 2.1 Each year the Council's appointed external auditor issues an Annual Audit letter to the Council following completion of the annual audit.
- 2.2 The Annual Audit Letter from the 2014/15 audit is attached at **Appendix A** to this report for Members' information. The main issues outlined in the letter have previously been reported to Members of this committee through the ISA260 report.

3. CERTIFICATION AND GRANTS REPORT (b)

- 3.1 Each year the Council's external auditor is required to audit and certify several grant returns that the authority must complete during the financial year.
- 3.2 The attached Certification and Grants Report at **Appendix B** details for Members' information KPMG's findings for each grant claim where external certification is required.

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4. **FINANCIAL STATEMENTS AUDIT PLAN (c)**

- 4.1 Each year the Council's external auditor provides details of the approach they wish to adopt with regard to the audit of the Council's Statement of Accounts and the Value for Money (VFM) arrangements.
- 4.2 The National Audit Office has issued new guidance regarding the approach for the VFM audit which applies from 2015/16. In particular, the regulators require external auditors to include specific risks for each local authority this is a new approach for this year as part of their assessment in respect of both the accounts and VFM.
- 4.3 The VFM risk focuses around the wider financial situation within the County across the authorities, and also more nationally, and how these situations have the potential to impact on this Council.
- 4.4 The external auditors will review how the Authority is dealing with both local and national risks. This approach does not mean that the auditors are saying there is a specific financial resilience risk to KBC itself in terms of how we approach things as an Authority, rather that they are looking at the outside risks which we are having to deal with.
- 4.5 The attached Financial Statements Audit Plan at **Appendix C** details for Members' information KPMG's intended approach, together with the key audit risks they have identified, the members of their audit team and details of associated fees.

5. **RECOMMENDATION**

That the Monitoring & Audit Committee receives and notes

- 5.1 The Annual Audit Letter for the 2014/15 audit (a).
- 5.2 The Certification and Grants Report for 2014/15 (b).
- 5.3 The 2015/16 Financial Statements Audit Plan (c).