

Report to: **Governance Committee**

Date: **18 July 2017**

By: **Chief Operating Officer**

Title of report: **Independent Auditor's (KPMG) Report to those charged with governance and Statement of Accounts 2016/17.**

Purpose of report: **To present the KPMG report to those charged with governance, and to report on anticipated unqualified audit opinion on the 2016/17 Statement of Accounts.**

RECOMMENDATIONS. The Governance Committee is recommended to:

- (1) note the Independent Auditor's (KPMG) report to those charged with governance on ESCC Accounts, and the Value for Money conclusion report;**
 - (2) authorise the Chief Finance Officer to sign the formal Letter of Representation to KPMG LLP; and**
 - (3) approve the 2016/17 Statement of Accounts for publication.**
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1. Background

1.1 This report summarises the key findings arising from KPMG final audit work in relation to the Council's 2016/17 financial statements; and on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').

2. Supporting Information

2.1 KPMG LLP is obliged to produce a report to those charged with governance on the East Sussex County Council accounts (Appendix 1), which formally reports on the outcome of the final audit of the Council's financial statements.

2.2 The auditor report requires publication of more detailed points, which in the past were treated as routine technical matters between officers and the auditors. As it happens, on this occasion there are few such points.

3. Changes to ESCC Statement of Accounts

3.1 The Chief Operating Officer on 31 May 2017 formally approved the draft Statement of Accounts, in line with the Accounts and Audit 2015 Regulations. Since then the final audit has been carried out by the Council's External Auditor (KPMG), and the Regulations require me to report on changes to the accounts before they can be published.

3.2 Subject to any issues been identified by the auditor between the issue of this report and the meeting, I am able to report that the auditors propose to issue an unqualified "true and fair" audit opinion.

3.3 As in any year, few presentational adjustments arising from normal audit work have been noted, discussed, and resolved as summarised on page 4 and 5 of the report to those charged with governance. The auditors (KPMG) have not identified any control findings or recommendations in the course of 2016/17 audit that need to be reported to this Committee.

3.4 The Auditor's (KPMG) also carried out the review of the arrangements made by the Council to secure economy, efficiency and effectiveness in the use of resources (value for money), and the auditors (KPMG) did not feel it necessary to report on any particular points on value for money issues.

3.5 The revised set of accounts is attached as Appendix 2.

4 Publication of Statement of Accounts

4.1 The legal deadline for publishing the 2016/17 accounts is the end of September 2017. Once the auditors have completed their work, a Letter of Representation (Appendix 3) needs to be signed by the Chief Finance Officer prior to the auditor issuing an unqualified opinion. This will enable me to place the Statement of Accounts on the Council's website, which fulfils the legal requirement, and to publish the document as soon as possible afterwards.

5. Conclusion and reasons for recommendations

5.1 The Committee to note the Independent Auditor's (KPMG) report to those charged with governance on ESCC Accounts, the Value for Money conclusion report and to authorise the Chief Finance Officer to sign the formal Letter of Representation to KPMG LLP.

KEVIN FOSTER
Chief Operating Officer

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Local Member(s): All

Background Documents

1. Independent Auditor's (KPMG) report to those charged with governance on the -
 - East Sussex County Council Accounts
 - Value for Money conclusion
2. 2016/17 Statement of Accounts
3. Letter of Representation