

Report to: **Audit Committee**

Date: **13 July 2018**

By: **Chief Finance Officer**

Title of report: **Review of the KPMG report to those charged with governance and Statement of Accounts for 2017-18.**

Purpose of report: **For the Committee to review the Independent Auditor's (KPMG) report to those charged with governance prior to its submission to the Governance Committee on 17th July 2018.**

RECOMMENDATIONS: The Committee is asked to:

- (i) note the report and its appendices; and**
 - (ii) identify any concerns arising from the Independent Auditor's (KPMG) Report or the management response to it, that need to be brought to the attention of the Governance Committee.**
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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 2017/18 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 Under its terms of reference, it is the role of this Committee to "Review the annual statement of accounts and the external auditor's report to those charged with governance."

2.2 It is the role of the Governance Committee to approve the County Council Statement of Accounts having considered whether appropriate accounting policies have been followed, and any issues raised by KPMG from the audit of the accounts.

2.3 The KPMG report to those charged with governance and the Council's Statement of Accounts for 2017/18, along with the covering report under which they will be taken to the Governance Committee for approval on 17th July 2018 are attached as Appendix A.

2.4 The final audit of the 2017/18 Statement of Accounts by KPMG has now been completed, and I am pleased to be able to report that KPMG will be issuing an unqualified "true and fair" audit opinion.

2.5 A small number of presentational adjustments arising from normal audit work have been noted, discussed, and resolved as stated in the reports to those charged with governance. KPMG has made a recommendation, which was discussed and a management response is included on page 16 of the KPMG report.

2.6 The area considered for improvement relates to the use of a contingency provision within the land and buildings valuation - it was identified that the valuer Montagu Evans has included a contingency provision of 5% of each revalued specialised asset, of a total value of £13.6m. The current guidance on the subject does not expressly prohibit the use of a contingency provision for such assets, and there is currently a Royal Institute of Chartered Surveyors consultation ongoing regarding the guidance for specialised asset valuations.

2.7 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 - VFM), did not identify any significant VFM risks in 2017/18. KPMG are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018, based upon the criteria of informed decision making, sustainable resource deployment and working with partners and third parties. KPMG did not feel it necessary to report on any particular points on value for money issues.

3. Conclusion and reasons for recommendations

3.1 In carrying out their responsibility for review, Members should consider:

- The findings made by the external auditors as a result of the 2017/18 accounts final audit;
- Whether there are any issues that Members might wish to bring to the attention of the Governance Committee when it meets to approve the Statement of Accounts for 2017/18 on 17th July 2018.

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Local Member(s): All

Appendices

Appendix A Governance Committee report for approval on 17 July 2018