

Report to: **Governance Committee**

Date: **21 July 2015**

By: **Chief Operating Officer**

Title of report: **Independent Auditor's (KPMG) Annual Governance Report and Statement of Accounts 2014/15**

Purpose of report: **To present the Annual Governance Report, and to report an expected unqualified opinion on the 2014/15 Statement of Accounts**

RECOMMENDATIONS – The Governance Committee is recommended to:

- (1) note the Independent Auditor's (KPMG) Annual Governance Report 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 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 2014/15 financial statements; and on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').

2. Supporting Information

Annual Governance Report

- 2.1 KPMG LLP is obliged to produce an Annual Governance Report for the East Sussex County Council Accounts (Appendix 1), which formally reports on the outcome of the audit of the 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 Finance Officer, on 5 June 2015, formally approved the draft Statement of Accounts, in line with the Accounts and Audit 2011 Regulations. Since then the final audit has been in progress, and now awaits the final approval of the Independent Auditor, who is expected to provide an unqualified "true and fair" audit opinion. The Regulations require me to report on changes to the accounts before they can be published.
- 3.2 Subject to any issues identified by the auditor between the issue of this report and the meeting, I anticipate being able to report that the auditors propose to issue an unqualified opinion and that the audit itself has not revealed any material items that need to be reported to the Committee.
- 3.3 The Council has made an amendment to the financial statements due to insufficient evidence to confirm the ownership of 22 Voluntary Controlled (i.e., Diocese of Chichester) schools, and the fixed assets revaluation process has been considered as an area for improvement.

- 3.4 As in any year, a number of presentational adjustments arising from normal audit work have been noted, discussed, and resolved as stated on page 5 to 7 of the report to those charged with governance, and the Auditor has made a recommendations, which have been discussed and responses included in the action plan where appropriate.
- 3.5 The Auditor (KPMG) has 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 auditor, subject to the conclusion of the previous year elector objections findings, did not feel it necessary to report on any particular points on value for money issues.
- 3.6 The revised set of accounts reflecting all adjustment described above is attached as Appendix 2.

4 Publication of Statement of Accounts

- 4.1 The legal deadline for publishing the 2014/15 accounts is the end of September 2014. 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 printed document as soon as possible afterwards.

5. Conclusion and reasons for recommendations

- 5.1 The Committee is recommended to note the Independent Auditor's (KPMG) Annual Governance Report 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

Attached

1. Independent Auditor's (KPMG) Annual Governance Reports for -
 - o East Sussex County Council Accounts
 - o Value for Money conclusion
2. 2014/15 Statement of Accounts
3. Letter of Representation