



**Audit Committee**  
22 September 2016

**Report of the Chief Finance Officer**

Wards affected: ALL

## **Statement of Accounts 2015/16 and External Auditor's Report**

### **1 Summary**

- 1.1 The Audit Committee has responsibility for considering issues raised by the external auditors as part of the process of approving the annual statement of accounts. The basis for this consideration is the “report to those charged with governance” also referred to as the ISA260 report. The Council’s external auditors, KPMG, produce the report following completion of the audit of accounts. The report is intended to identify any changes to the accounts, unadjusted mis-statements or material weaknesses in controls identified during the audit work. It also provides the findings from the value for money conclusion for the year.
- 1.2 At the time of writing this report KPMG are in the process of completing the audit of the 2015/16 accounts and their report to those charged with governance (ISA260 report), reflecting the current position, is attached as Appendix 1 to this report. Based on the current position KPMG intends to give unqualified opinions on the Council and Pension Fund accounts and a clear value for money conclusion.
- 1.3 Representatives from KPMG will attend the meeting to provide an update on the audit and respond to any matters raised by the Committee.

### **2 Recommendations**

The Committee is asked to:

- 2.1 Review the report to those charged with Governance from KPMG and:
- consider the key issues and recommendations
  - consider the corrected audit differences

- approve the statement of accounts
- approve the letter of representation to KPMG

### **3 Detail**

#### **Statement of Accounts**

- 3.1 The draft statement of accounts for 2015/16 was presented to the Committee at its meeting on 30 June 2016. The audit of the accounts commenced in July.
- 3.2 The attached ISA260 report sets out the anticipated results of the audit with the key points being:
- Unqualified audit opinion
  - Positive feedback on the accounts production and audit process
  - the Authority has made proper arrangements to secure economy,
  - efficiency and effectiveness in its use of resources

As a result of the audit a number of adjustments to the accounts have been agreed by council officers and KPMG. These are shown in section three of the auditors report. Although significant in value they do not have any impact on the council's general fund or HRA position. As a result of these adjustments earmarked reserves have reduced and the Council's unusable reserves have increased. The council expects that the change in earmarked reserves is a timing issue, and over the medium term reducing the Minimum Revenue Payment will have the same effect on earmarked reserves as the accounting treatment in the unaudited accounts.

#### **Publication of Statement of Accounts**

- 3.3 The Council is required to publish the 2015/16 accounts by 30 September 2016. Once approved, the statement of accounts will be published on the Council's website.
- 3.4 Once the audit has been completed a Letter of Representation needs to be signed prior to KPMG issuing an audit opinion. A draft letter, setting out confirmation from the Council regarding the financial statements and information provided as part of the audit process, is attached as Appendix 2

### **4 Financial Implications**

- 4.1 There have been some adjustments to the Statement of Accounts during the course of the audit. None of these have impacted on the medium term financial position of the Council.

### **5 Legal Implications**

- 5.1 No specific implications.

## **6 Diversity Implications**

6.1 No specific implications

## **7 Staffing Implications**

7.1 No specific implications.

## **8 Background Papers**

Accounts and Audit Regulations 2011

Draft Accounts to Audit Committee – 30 June 2016

### **Contact Officer**

Conrad Hall, Chief Finance Officer

[conrad.hall@brent.gov.uk](mailto:conrad.hall@brent.gov.uk)

CONRAD HALL

Chief Finance Officer