



cutting through complexity

External audit progress report and technical update

Barnsley Metropolitan
Borough Council

October





External audit progress report and technical update – October 2014

This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

PROGRESS REPORT		
2013/14 Progress Report		3
TECHNICAL UPDATE		
National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies	●	5
Government publishes response on local authority parking strategies	●	7
Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements	●	5
VFM data briefing on expenditure on looked after children	●	7
Public Accounts Committee report – Local government funding: assurance to Parliament	●	6
Tool launched to help councils compare care performance on social care	●	8
Government plans to regulate public sector exit payments	●	6
Distribution of National Fraud Initiative (NFI) information packs to elected members at councils in England	●	8
Consultation on Local Government Pension Scheme	●	6
Funding healthcare Making allocations to local areas (NAO report)	●	8
APPENDIX		
Appendix 1 – 2014/15 audit deliverables		10



cutting through complexity™

Progress report



External audit progress report 2013/14 – October 2014

This document provides the audit committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report.

Area of responsibility	Commentary
Financial statements	Work complete
Value for Money	Work complete
Certification of claims and returns	Housing Benefit Subsidy Return – audit ongoing, on track to meet deadline of 30 November 2014 We plan to issue our report on certification of claims and returns in December 2014
Other work	We issued our Annual Audit Letter to officers in October 2014. Teacher's Pensions Return – the certification of this return is outside of the Audit Commission grants regime We are discussing the audit with officers.



cutting through complexity™

Technical update

Technical update

Area	Level of Impact	Comments	KPMG perspective
<p>National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies</p>	<p>● Medium</p>	<p>On Friday 19 September 2014 the National Audit Office (NAO) launched its consultation on the draft Code of Audit Practice for the audit of local public bodies. Subject to Parliamentary approval, the Code will take effect from 1 April 2015 for audit work relating to the 2015/16 financial year onwards.</p> <p>The NAO is seeking views and comments on the draft Code. In particular, the views of audited bodies are being sought on how valuable the work carried out each year on value-for-money arrangements is. The closing date for consultation responses is Friday 31 October 2014.</p> <p>For more information visit http://www.nao.org.uk/keep-in-touch/our-surveys/consultation-code-audit-practice/</p>	<p><i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i></p>
<p>Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements</p>	<p>● Medium</p>	<p>CIPFA and CIPFA/LASAAC have recently consulted on the Simplification and streamlining of the presentation of local authority financial statements.</p> <p>The consultation focused on the reporting of local authority performance and therefore on the comprehensive income and expenditure statement, the movement in reserves statement and the segmental reporting requirements specified in the Code of practice on local authority accounting in the United Kingdom. As an important part of reporting performance, it also considered the narrative reporting requirements which would accompany the financial statements.</p> <p>The consultation closed on 19 September 2014.</p>	<p><i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i></p>

Technical update

Area	Level of Impact	Comments
Public Accounts Committee report – Local government funding: assurance to Parliament	<ul style="list-style-type: none"> ● For information 	<p>The Public Accounts Committee has recently published a report on funding for local authorities. This found that whilst the Department for Communities and Local Government (DCLG) has increased flexibility for local government spending, allowing local authorities to use government funding according to local priorities, DCLG cannot be sure that the local accountability system is ensuring that local authorities are achieving value for money with their funding.</p> <p>The report can be found at http://www.publications.parliament.uk/pa/cm201415/cmselect/cmpubacc/456/456.pdf</p>
Government plans to regulate public sector exit payments	<ul style="list-style-type: none"> ● For information 	<p>The government has recently consulted on proposals to ensure exit payments are recovered when high earners return to the same part of the public sector within twelve months of leaving. The proposed provisions will be included in the Small Business, Enterprise and Employment Bill.</p> <p>The consultation outlines the government's proposal to underpin exit payment recovery across the public sector. The government expects any changes brought about as part of this consultation to support existing or on-going changes to exit payment arrangements to ensure they are fair and promote value for money more widely.</p> <p>More information can be found at https://www.gov.uk/government/consultations/recovery-of-public-sector-exit-payments</p>
Consultation on Local Government Pension Scheme	<ul style="list-style-type: none"> ● For information 	<p>The government has recently consulted on new governance arrangements, and sought responses from interested parties on the draft (pension) regulations which are to come into force from October 2014 onwards.</p> <p>The main provisions include a requirement for the Secretary of State to establish a national scheme advisory board to advise him on the desirability of changes to the scheme. Provision is also made for administering authorities to establish local pension boards to assist them with the effective and efficient management and administration of the scheme.</p> <p>Further information can be found at https://www.gov.uk/government/consultations/the-local-government-pension-scheme-amendment-regulations-2014-draft-regulations-on-scheme-governance</p>

Technical update

Area	Level of Impact	Comments
<p>Government publishes response on local authority parking strategies</p>	<p>● For information</p>	<p>The government launched a consultation paper on local authority parking enforcement in 2013. The consultation closed in February 2014 and the government has now responded with a number of proposals, including:</p> <ul style="list-style-type: none"> ■ amending guidance to make it clear that motorists parking at an out-of-order meter should not be issued a penalty charge where there are no alternative ways to pay; ■ banning the use of CCTV cameras to enforce parking contraventions in the vast majority of cases, but with some exceptions (eg restricted areas outside of schools); ■ widening the powers of parking adjudicators. This could include, for example, measures to protect drivers where adjudicators have repeatedly identified a problem at a specific location (such as inadequate signage) and parking tickets have repeatedly been issued; and ■ introducing a mandatory 10 minute free period at the end of paid-for on-street parking either through amendments to statutory guidance or regulations. <p>Further information can be found at https://www.gov.uk/government/consultations/local-authority-parking</p>
<p>VFM data briefing on expenditure on looked after children</p>	<p>● For information</p>	<p>The Audit Commission has published Councils' expenditure on looked after children, the latest in its series of VFM data briefings analysing data in the VFM profiles.</p> <p>The briefing reports that, although the number of looked after children increased by 12 per cent between 2008/09 and 2012/13, councils' expenditure increased by only 4 per cent. Reductions in the daily cost of care and an increase in the proportion of children receiving foster care saved a total of £239 million, partially offsetting the spending pressure arising from the increased number of children in care.</p> <p>The briefing looks in more detail at some of the factors which influence how much councils spend on foster care and encourages councils to use the VFM Profiles to compare their costs with those of similar councils.</p> <p>The briefings can be found at: http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2</p>

Technical update

Area	Level of Impact	Comments
<p>Tool launched to help councils compare care performance on social care</p>	<p>● For information</p>	<p>The Department of Health has launched a new tool to help councils compare their performance on social care with similar areas across England. The tool groups upper tier and unitary authorities by their spending on the over-65s and working age adults with learning disabilities. The aim is to help local authorities see how they are meeting various indicators, and to identify areas for improvement by viewing the performance of their peers.</p> <p>The tool can be found at: https://www.gov.uk/government/publications/adult-social-care-efficiency-tool</p>
<p>Distribution of National Fraud Initiative (NFI) information packs to elected members at councils in England</p>	<p>● For information</p>	<p>To complement the National Fraud Initiative (NFI) national report published in June 2014 (available at http://www.audit-commission.gov.uk/national-fraud-initiative/nfi-reports/), the Audit Commission distributed an information pack for elected members with responsibility for finance and audit at councils in England in August. A copy was also sent to directors of finance and NFI key contacts for information.</p> <p>The information pack brings together key facts about the NFI, the council's NFI outcomes and comparisons to their CIPFA nearest neighbours. The pack links to a series of questions elected members can put to their director of finance (NFI senior responsible officer). The responses will help them understand how the NFI is being used within the council, the benefits of taking part and if they are being maximised.</p> <p>If you did not receive the information pack and would like a copy please contact via email at nfiqueries@audit-commission.gsi.gov.uk</p>
<p>Funding healthcare: Making allocations to local areas (NAO report)</p>	<p>● For information</p>	<p>The National Audit Office (NAO) has recently published a report examining the extent to which £79 billion of central funding allocated to local health bodies differs from target allocations based on relative need. It finds that nearly two-fifths of Clinical Commissioning Groups (CCGs) are more than five percentage points above or below their fair share of funding per person. It also finds that there is a clear relationship between the financial position of CCGs and their distance from target funding allocations, with 19 of the 20 CCGs with the tightest financial position receiving less than their target allocation, and 18 of the 20 with the largest surpluses receiving more than their target allocation.</p> <p>For more information, visit http://www.nao.org.uk/report/funding-healthcare-making-allocations-to-local-areas/</p>



cutting through complexity™

Appendix

Appendix 1 – 2014/15 Audit deliverables

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2014	Complete
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2015	TBC
Interim			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	April 2015	TBC
Substantive procedures			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unaudited audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2015	TBC
Completion			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2015	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2015	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2015	TBC
Certification of claims and returns			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	December 2015	TBC



cutting through complexity™

© 2014 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.