



# Technical update

**Incorporating the External Audit Progress Report**

**Barnsley Metropolitan Borough Council**

**March 2018**

# Contents

	<b>Page</b>
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<b>External audit progress report</b>	3
<b>Technical developments</b>	5
<b>Appendices</b>	
1. 2017/18 audit deliverables	8

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 information



# External audit progress report

# External audit progress report

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	<p><i>We have presented our audit plan at the same time as this report. We have highlighted the following significant financial statement risks:</i></p> <ul style="list-style-type: none"> <li><i>Valuation of PPE</i></li> <li><i>Pension liabilities</i></li> <li><i>Faster Close</i></li> </ul> <p><i>We are currently undertaking our interim audit visit and will report any findings to the next audit committee</i></p>
Value for Money	<p><i>As part of our audit plan we have highlighted delivery of budgets as a value for money risk.</i></p> <p><i>We will undertake work on this as part of our year end audit processes and report the conclusion as part of our ISA260</i></p>
Other work	<p><i>Our pensions team has been commissioned to undertake work in relation to the impact of the Local Government Pension Scheme surplus on Barnsley MBC.</i></p>
Certification of Claims and Returns	<p><i>We are anticipating auditing the following grants and returns for 2017/18:</i></p> <ul style="list-style-type: none"> <li><i>- Housing Benefits</i></li> <li><i>- Teachers Pensions Return</i></li> <li><i>- Pooling of Housing Capital Receipts Return</i></li> </ul>



# Technical developments

# NAO Report - PF1 and PF2

Level of impact: ● (For Action)	KPMG Perspective
<p>The NAO has recently published a report on Private Finance Initiative (PFI) and the introduction of a reformed model of the PFI called PF2.</p> <p>There are currently over 700 operational PFI and PF2 deals, with a capital value of around £60 billion, and annual charges for these deals amounted to £10.3 billion in 2016-17.</p> <p>The report presents information on the rationale, costs, benefits, use, and the impact of PFI, and discusses the extent to which it may be able to make savings from existing PFI contracts. The report also highlights some of the reasons for PFI reform and the introduction of PF2.</p> <p>The report does not suggest whether or not the PFI and PF2 models deliver value for money, but highlights the costs and benefits of entering into PFI and now the PF2.</p> <p>A copy of the report can be accessed from the NAO website at the following link: <a href="https://www.nao.org.uk/report/pfi-and-pf2/">https://www.nao.org.uk/report/pfi-and-pf2/</a></p>	<p>Those charged with governance may wish to consider the costs and benefits of entering into PFI and PF2 arrangements.</p>

## Technical developments

# Statutory Guidance for Local Authority Investments and the Minimum Revenue Provision

### Level of impact: ● (For Information)

The Ministry of Housing, Communities and Local Government (MHCLG) has published its summary of responses to the consultation regarding Local Authority investments and the minimum revenue provision.

The guidance on minimum revenue provisions (MRP) applies for accounting periods starting on or after 1 April 2019, with the exception of paragraphs 27-29 of the guidance ("Changing methods for calculating MRP"), which apply from accounting periods starting on or after 1 April 2018.

The investment guidance also applies from accounting periods starting on or after 1 April 2018.

A copy of the responses can be found at the following link:

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>



# Appendix

## Appendix 1

# 2017/18 audit deliverables

Deliverable	Purpose	Timing	Status
<b>Planning</b>			
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	March 2018	Complete
<b>Interim</b>			
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.	May 2018	TBC
<b>Substantive procedures</b>			
Report to those charged with governance (ISA 260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	July 2018	TBC

## Appendix 1

# 2017/18 audit deliverables (cont.)

Deliverable	Purpose	Timing	Status
<b>Completion</b>			
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).	July 2018	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	July 2018	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	To be confirmed	TBC
<b>Certification of claims and returns</b>			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	To be confirmed	TBC



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