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# External audit progress report and technical update

**Barnsley Metropolitan  
Borough Council**

**March**



# External audit progress report and technical update – March 2015

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		
Progress Report		3
KPMG RESOURCES		
KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years.		5
TECHNICAL UPDATE		
VFM data briefing on expenditure on looked after children		7
The Audit Commission publish the Protecting the Public Purse 2014 (PPP 2014) report.		8
Tool launched to help councils compare care performance on social care		7
NAO have published two complimentary reports examining local authority finances		9
<ul style="list-style-type: none"> <li>• The financial Sustainability of local authorities 2014 and,</li> <li>• The impact of funding reductions in local authorities</li> </ul>		
APPENDIX		
Appendix 1 – 2014/15 audit deliverables		11



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# Progress report

## External audit progress report – March 2015

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
Audit Planning	We have completed our risk based audit planning for the 2014/15 audit of your financial statements and VFM conclusion. We have agreed the Audit Plan with management it is being presented to the Audit Committee as part of today's agenda.
Financial statements	Our interim audit on-site visit took place during February 2014. We are currently reviewing some VFM arrangements. Once this is complete, we will report any findings from the interim visit to the April Audit Committee meeting. Our audit of your draft financial statements will take place during July/August and we will issue our opinion on your financial statements by 30 September 2015.
Value for Money	Our work on the VFM conclusion has commenced as part of our interim audit and will conclude during our final accounts visit in July/August. We will issue our VFM conclusion by 30 September 2015.
Certification of claims and returns	The Housing Benefit & Council Tax Benefit Claim is the only grant remaining under the Audit Commission regime. Resources permitting, we will commence this audit in June and we will report before the deadline of 30 November 2015.
Other work	Our tax colleagues have been engaged to do some work at the Council on restructuring of subsidiary groups and the Bull TCL contract termination. The fees relating to this amount to £16,250.



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# KPMG resources

Area	Comments
<p><b>KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years</b></p>	<p>Without a radical programme of house building, average house prices in England could double in just ten years to £446,000, according to new research. In twenty years they could quadruple, with the average house price estimated to rise to over £900,000 by 2034 if current trends continue.</p> <p>The research from KPMG and Shelter also reveals that more than half of all 20-34 year olds could be living with their parents by 2040, as soaring housing costs caused by the shortage of affordable homes leave more and more people priced out of a home of their own.</p> <p>The warning comes as KPMG and Shelter launch a landmark new report, outlining how the 2015 government can turn the tide on the nation's housing shortage within a single parliament. With recent government figures showing that homeownership in England has been falling for over a decade, the consequences of our housing shortage are already being felt.</p> <p>The report sets out a blueprint for the essential reforms that will increase the supply of affordable homes and stabilise England's rollercoaster housing market. It calls on politicians to commit to an integrated range of key measures, including:</p> <ul style="list-style-type: none"> <li>■ Giving planning authorities the power to create 'New Homes Zones' that would drive forward the development of new homes. Combined with infrastructure, this would be led by local authorities, the private sector and local communities, and self-financed by sharing in the rising value of the land.</li> <li>■ Unlocking stalled sites to speed up development and stop land being left dormant, by charging council tax on the homes that should have been built after a reasonable period for construction has passed.</li> <li>■ Introducing a new National Housing Investment Bank to provide low cost, long term loans for housing providers, as part of a programme of innovative ways to finance affordable house building.</li> <li>■ Helping small builders to get back into the house building market by using government guarantees to improve access to finance.</li> <li>■ Fully integrating new homes with local infrastructure and putting housing at the very centre of City Deals, to make sure towns and cities have the power to build the homes their communities need.</li> </ul> <p>To read the report, visit <a href="https://portal.ema.kworld.kpmg.com/uk/Documents/NewsroomDocs/2014/KPMG%20Shelter%20report%20FINAL.pdf">https://portal.ema.kworld.kpmg.com/uk/Documents/NewsroomDocs/2014/KPMG%20Shelter%20report%20FINAL.pdf</a>.</p> <p>For more information, please contact a member of the audit team.</p>



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# Technical update



Area	Level of Impact	Comments
<p><b>VFM data briefing on expenditure on looked after children</b></p>	<p>● <b>For information</b></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: <a href="http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2">http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2</a></p>
<p><b>Tool launched to help councils compare care performance on social care</b></p>	<p>● <b>For information</b></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: <a href="https://www.gov.uk/government/publications/adult-social-care-efficiency-tool">https://www.gov.uk/government/publications/adult-social-care-efficiency-tool</a></p>



Area	Level of impact	Comments
<p>The Audit Commission publish the <i>Protecting the Public Purse 2014</i> (PPP 2014) report.</p>	<p>● For information</p>	<p>On 23 October 2014 the Audit Commission published the <i>Protecting the Public Purse 2014</i> (PPP 2014) report. PPP 2014 is for those responsible for governance in local government. PPP 2014 includes:</p> <ul style="list-style-type: none"> <li>■ the scale and value of fraud detected by local government bodies in 2013/14;</li> <li>■ longer term trends in fraud detection, including tenancy fraud;</li> <li>■ trends and threats in other significant fraud types; and</li> <li>■ national developments impacting on local government counter-fraud.</li> </ul> <p>In addition, PPP 2014:</p> <ul style="list-style-type: none"> <li>■ gives details of detected frauds and losses by region;</li> <li>■ updates our checklist for those responsible for governance; and</li> <li>■ highlights the second year of a programme of individual fraud briefings for councils.</li> </ul> <p>The Audit Commission have issued fraud briefings to auditors in November 2014 for individual county councils, district councils, London boroughs, metropolitan district and unitary councils.</p> <p>We are presenting a copy of the fraud Briefing to the Audit Committee on 25th March 2015.</p>

Area	Level of Impact	Comments
<p>NAO have published two complimentary reports examining local authority finances:</p> <ul style="list-style-type: none"> <li>The financial Sustainability of local authorities 2014 and;</li> <li>The impact of funding reductions in local authorities</li> </ul>	<p>● For information</p>	<p>The National Audit Office (NAO) has recently published two complimentary reports examining local authority finances: Financial sustainability of local authorities 2014 and The impact of funding reduction of local authorities. The reports include findings based on surveys of Commission appointed auditors carried out since 2001 by the Commission. The NAO were provided with anonymised analysis of the survey findings by the Commission in order to support this work.</p> <p>The NAO finds that local authorities have coped well with reductions in government funding, but some groups of authorities are showing clear signs of financial stress. Over a quarter of single tier and county councils (those authorities responsible for social care and education) had to make unplanned reductions in service spend to deliver their 2013/14 budgets. Auditors are increasingly concerned about local authorities' capacity to make further savings, with 52 per cent of single tier and county councils not being well-placed to deliver their medium-term financial plans.</p> <p>The NAO also found that there is significant variation in the way that authorities have responded to the funding reductions. Authorities that have had larger cuts in government funding have not been able to protect funding of adults' and children's social care to the same extent as those with lower cuts. The report also shows that certain sub-services have experienced very substantial cuts in spending. Spending on the Supporting People programme, housing support and advice for vulnerable people fell by 45 per cent. Between 2010/11 and 2013/14, budgeted real terms spending on services for young people fell by 34 per cent. The reports can be found on the NAO website</p> <ul style="list-style-type: none"> <li>Financial sustainability of local authorities 2014: <a href="http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/">http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/</a></li> <li>The impact of funding reductions on local authorities: <a href="http://www.nao.org.uk/report/the-impact-funding-reductions-local-authorities/">http://www.nao.org.uk/report/the-impact-funding-reductions-local-authorities/</a></li> </ul>



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# Appendix

## Appendix 1 – 2014/15 Audit deliverables

Deliverable	Purpose	Timing	Status
<b>Planning</b>			
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	March 2015	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.	February/ March 2015	Ongoing
<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.	September 2015	TBC
<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).	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
<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.	December 2015	TBC



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