

# Gloucester City Council

<b>Meeting:</b>	<b>Audit &amp; Governance Committee</b>	<b>Date:</b>	<b>8<sup>th</sup> September 2014</b>
<b>Subject:</b>	<b>ISA 260 - Report to those charged with governance 2013/14</b>		
<b>Report Of:</b>	<b>Head of Financial Services</b>		
<b>Wards Affected:</b>	<b>Not applicable</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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<b>Appendices:</b>	1. Report to those charged with governance (ISA 260) 2013/14 , KPMG, September 2014		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To provide members with a copy of the report produced by KPMG on 2<sup>nd</sup> September 2014.

### 2.0 Recommendations.

- 2.1 Audit & Governance Committee is asked to **RESOLVE** that:-

- (1) The ISA 260 report to those charged with governance be noted, and
- (2) To note the continued improvements made since the previous external audit process.

### 3.0 Background and Key Issues

- 3.1 The external auditor is required to produce an annual report to “those charged with governance” at the council. The ISA 260 report attached as Appendix 1 essentially summarises the key issues identified by KPMG during the audit of the City Council’s financial statements for 2013/14 and provides the auditors’ assessment of the City Council’s arrangements to secure value for money in its use of Resources.

- 3.2 It is pleasing to note the report commends the council for continuing improvements seen over the last year, and confirms that KPMG anticipate issuing an unqualified audit opinion on the City Councils financial statements well in advance of the 30<sup>th</sup> September 2014, and based on the further improvements put in place since the previous audit, issue an unqualified Value for Money Conclusion prior to 30<sup>th</sup> September 2014. This follows completion of the first full draft set of accounts before 30<sup>th</sup> May, and certification by myself as Head of Financial Services on the pre-audit statements before the deadline of 30<sup>th</sup> June 2014.
- 3.3 The on-site audit of the council's financial statements for 2013/14 commenced on 21<sup>st</sup> July and finished on Tuesday 5<sup>th</sup> August. This was followed by a period of off-site review by the external audit team, culminating in a final audit closure meeting on 27<sup>th</sup> August 2014.
- 3.4 The report also identifies audit differences and critical accounting matters as well as highlighting key issues and recommendations.
- 3.5 The report highlights only 3 key issues and recommendations and one recommendation from 2012/13 still to be completed. These are included in pages 16 and 17 of the appended report, along with the management response from the City Council.

#### **4.0 Alternative Options Considered**

- 4.1 Not applicable.

#### **5.0 Reasons for Recommendations**

- 5.1 There is a legal requirement for the council to receive an annual report to 'those charged with governance' at the council.
- 5.2 Implementing the recommendations of KPMG's ISA 260 report, represents part of the council's ongoing improvements in its financial management arrangements.

#### **6.0 Future Work and Conclusions**

- 6.1 The latest ISA 260 highlights the continued improvement in the accounts production and audit process. Further improvement

#### **7.0 Financial Implications**

- 7.1 As detailed in this report.

## **8.0 Legal Implications**

- 8.1 Accounts and Audit Regulations require the Council and its External Auditor to have completed the audit of the annual financial statements by 30<sup>th</sup> September, and for the auditor to issue an annual report to “those charged with governance”.

## **9.0 Risk & Opportunity Management Implications**

- 9.1 Delays in response to acceptance/implementation of audit recommendations could lead to weaknesses in systems or processes, with a potential for fraud and error to occur.

## **10.0 People Impact Assessment (PIA):**

- 10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **11.0 Other Corporate Implications**

### Community Safety/Sustainability/Staffing & Trade Union

- 11.1 There are no community safety, sustainability or staffing/Trade Union implications arising out of this report.

## **Background Documents:**

Report to those charged with governance (ISA 260) 2013/14  
KPMG September 2014 (Appended to this report)