

**REPORT OF SERVICE DIRECTOR – FINANCE AND PROCUREMENT****EXTERNAL AUDIT – ANNUAL GOVERNANCE REPORTS****Purpose of the Report**

1. To receive for information, and comment upon, the External Auditor's Annual Governance Reports on the County Council and Pension Fund, prior to these being forwarded to Full Council for approval on 18 September 2014.

**Information and Advice**

2. The External Auditors, KPMG, have now substantially completed their audit work on the Authority's financial statements for 2013/14 and propose to issue unqualified audit opinions on the County Council and Pension Funds' accounts, subject to satisfactory clearance of the remaining issues.
3. In the course of their work the External Auditors have identified a number of matters, detailed in the attached reports, which they wish to bring to the Audit Committee and Full Council's attention. Whilst the Councils Balance Sheet has been restated since the draft accounts were prepared in June, the overall net worth of the Council has not altered, and the remaining main statements are unchanged.
4. The External Auditors have also made a recommendation relating to how schools account for reclaimed VAT for the final month of the year. This is currently included in their adjusted cash balance, but due to the timing of when reimbursements are actually received from HMRC, should be classed as a short term debtor. Although this improvement was identified in the previous year's audit, it was not implemented for the 2013/14 accounts. However, a process has now been agreed and will be in place for the 2014/15 closedown.
5. The Audit Director (KPMG), Neil Bellamy will be in attendance at the meeting to present the report and to respond to Members' queries.
6. As part of the Audit of Financial Statements process, the Section 151 Officer is required to prepare a Letter of Representation to the External Auditor and the proposed Letter is attached for Members' agreement.

**Statutory and Policy Implications**

7. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such

implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That Members of the Audit Committee note the External Auditor's Annual Governance Reports on the County Council and Pension Fund accounts and:
  - a) note the matters raised in the report before the financial statements are re-signed by the Section 151 Officer
  - b) note the Letter of Representation attached to this report.

**Paul Simpson**  
**Service Director – Finance & Procurement**

**For any enquiries about this report please contact:**  
Nigel Stevenson

## **Constitutional Comments (KK 15/08/2014)**

8. Audit Committee is responsible for overseeing the external auditor's annual audit of the accounts and is the appropriate body to consider the content of this report.

## **Financial Comments (PM 13/08/2014)**

9. The anticipated total fees, excluding the indicative fee for grant claim certification, are £130,950 for Nottinghamshire County Council and £29,926 for the Nottinghamshire Pension Fund. This is in line with the initial proposal and budget provision is in place.

## **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- 'None'

## **Electoral Division(s) and Member(s) Affected**

- 'All'