



**GA.54 15/16**

**Committee Governance  
and Audit Committee**

**Date 17<sup>th</sup> March 2016**

**E**

**Subject: External Audit Progress report and Technical update**

Report by:

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Purpose / Summary:

This report provides members with an update on External Audit Progress and a technical changes which will need to be considered as part of the 2015/16 Financial Statements

**RECOMMENDATION(S):**

- 1 – Members are asked to review the progress to-date and
- 2 – Consider actions they wish to request in response to the technical update.

**IMPLICATIONS**

**Legal:**  
**This report supports the Authority’s compliance with legal requirements.**

**Financial : There are no direct financial implications**

**Staffing : No implications**

**Equality and Diversity including Human Rights :**  
*There are no implications for Equality and Diversity*

**Risk Assessment :**  
**There are no risks raised by this report**

**Climate Related Risks and Opportunities : No Implications**

**Title and Location of any Background Papers used in the preparation of this report:**

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)      **Yes**       **No**

**Key Decision:**

A matter which affects two or more wards, or has significant financial implications      **Yes**       **No**

## **1 Introduction**

1.1 The document attached to this cover paper is split into three parts:

1.1.1 The External Audit Progress report.

1.1.2 A technical update

1.1.3 A note of available KPMG Resources

## **2 The External Audit Progress Report**

2.1 This section summarises the progress to-date against the deliverables for 2015/16 External Audit and indicates on target progress.

## **3 Technical Update**

3.1 This section provides a summary of the technical changes to legislation, regulation and guidance that will need to be considered in finalising the Financial Statements for 2015/16.

## **4 KPMG Resources**

4.1 This section highlights the resources available from KPMG that maybe useful to members as part of their work as Councillors.

## **5 Conclusion**

5.1 This report provides members with assurance on progress with the current years audit and highlights technical changes pertinent to their work on Governance and Audit Committee.



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# External audit progress report and technical update

**West Lindsey District Council**

February 2016

This report provides the Governance and 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

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# Progress report

This document provides the Governance and 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 on page 4 of this report.

Area of responsibility	Commentary
<b>Certification of claims and returns</b>	<p>Since the last meeting of the Governance and Audit Committee we have completed our audit of your 2014/15 Housing Benefit Subsidy claim which we certified on 27 November 2015. We have also completed our Certification of Claims and Returns – Annual Report 2014/15 and included this on the agenda.</p>
<b>2015/16 Planning</b>	<p>We have commenced our work on planning the 2015/16 audit. We have held a meeting with key finance officers to discuss:</p> <ul style="list-style-type: none"> <li>• Relevant current and emerging issues in respect of the accounts and value for money conclusion;</li> <li>• Learning opportunities from the 2014/15 audit which we can use to improve the process in 2015/16; and</li> <li>• Updating our risk assessment and developing our detailed Audit Plan which we have included on this agenda. This will set out the scope of the audit in more detail.</li> </ul> <p>Our work over the coming quarter will include:</p> <ul style="list-style-type: none"> <li>• Our interim visit, scheduled for the week commencing 14 March 2016;</li> <li>• Ongoing liaison with finance staff;</li> <li>• Meeting with Senior Officers as part of the audit process to better understand the current and longer term issues that the council is addressing; and</li> <li>• Liaising with internal audit with a view to maximising audit efficiency (whilst recognising the differences in our roles).</li> </ul> <p>At this stage our work is likely to include particular focus on:</p> <ul style="list-style-type: none"> <li>• The Authority’s arrangements in relation to the Value for Money criteria (we have included a link to the new guidance in our technical update included with this report); and</li> <li>• The impact on our audit of any changes to the accounts as a result of central guidance.</li> </ul>

Deliverable	Purpose	Timing	Status
<b>Planning</b>			
Fee letter	Communicate indicative fee for the audit year	April 2015	Done
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	February 2016	To be presented in March 2016
<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.	If Required	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.	September 2016	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 2016	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2016	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	October 2016	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.	February 2017	TBC





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# Technical update

Area	Level of Impact	Comments	KPMG perspective
<b>Accounts and Audit Regulations 2015 – Narrative statements</b>	<p style="text-align: center;">●</p> <p style="text-align: center;">Low</p>	<p>Authorities will need to be aware that the <i>Accounts and Audit Regulations 2015</i> require local authorities to produce and publish a narrative statement. Section 8 of the Regulations, which apply first from the 2015/16 financial year, states:</p> <p><i>Narrative statements</i></p> <ol style="list-style-type: none"> <li>1) <i>A Category 1 authority must prepare a narrative statement in accordance with paragraph (2) in respect of each financial year.</i></li> <li>2) <i>A narrative statement prepared under paragraph (1) must include comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.</i></li> </ol> <p>Authorities will need to publish the narrative statement along with the financial statements. The narrative statement does not form part of the financial statements and is therefore not subject to audit. As part of their audit work however, auditors will need to review the statement for consistency with their knowledge.</p> <p>The narrative statement replaces the explanatory foreword and will need to be prepared in accordance with CIPFA/LASAAC's <i>Code of Practice on Local Authority Accounting</i> (the accounting code). The 2016/17 accounting code will contain high level principles for authorities to follow when preparing their narrative statements. The principles set out in the accounting code will also be relevant to 2015/16 and we understand that CIPFA/LASAAC is likely to publish an update to the 2015/16 accounting code to clarify this.</p>	<p><i>The Committee may wish to seek assurances that their authorities have arrangements in place to meet the new requirements</i></p>

Area	Level of Impact	Comments	KPMG perspective
<b>Accounts and Audit Regulations 2015 – Exercise of public rights</b>	<p style="text-align: center;">● Low</p>	<p>Authorities will be aware that the Accounts and Audit Regulations 2015 (the Regulations) set out new arrangements for the exercise of public rights from 2015/16 onwards.</p> <p>Paragraph 9(1) of the Regulations requires the responsible financial officer to commence the period for the exercise of public rights and to notify the local auditor of the date on which that period was commenced.</p> <p>Paragraph 9(2) is clear that the final approval of the statement of accounts by the authority prior to publication cannot take place <i>until after the conclusion of the period for the exercise of public rights</i>.</p> <p>As the thirty working day period for the exercise of public rights must include the first ten working days of July, this means that authorities will not be able to approve their audited accounts or publish them before 15 July 2016.</p>	<p><i>The Committee may wish to seek assurances that the necessary arrangements are in place for their Authority.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p><b>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015</b></p>	<p>● Low</p>	<p>With effect from 1 April 2015, certain provisions of the <i>Local Audit and Accountability Act 2014</i> (LAAA 2014) came into force and are applicable to auditors’ work for the year 2015/16. Whilst the <i>Audit Commission Act 1998</i> is transitionally saved for auditors engaged in planning work for 2015/16, or possibly considering public interest reports (PIRs) to be made during 2015/16, they need to be aware of the provisions of LAAA 2014 that are already in force.</p> <p>Provisions affecting auditors’ work with effect from 1 April 2015 are:</p> <p><b>1) New duty to publish PIRs on audited bodies’ websites</b></p> <p>Under the new audit regime, there is an emphasis on the publication of relevant information on the relevant authority’s website. The following provisions are relevant to auditors carrying out work on 2015/16 if they decide to issue a public interest report during the audit.</p> <p>Under Schedule 7 LAAA 2014, the following matters must be published on the relevant authority’s website (if it has one):</p> <ul style="list-style-type: none"> <li>■ PIRs (relating to the relevant authority or a connected entity);</li> <li>■ notice of a meeting to consider a PIR/written recommendation; and</li> <li>■ notice summarising those decisions approved by the auditor as a result of consideration of the PIR/recommendation.</li> </ul> <p>Where the relevant authority does not have a website, it is instead generally required to make the relevant publication “in such manner as it thinks is likely to bring the notice or report to the attention of persons who live in its area”. This could be, for example, in a local newspaper (as was required in certain cases under the previous legislation).</p>	<p><b><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></b></p>


Area	Level of Impact	Comments	KPMG perspective
<p>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015 (continued)</p>	<p>● Low</p>	<p><b>2) Prohibition on disclosure</b></p> <p>The prohibition against disclosure that was previously to be found in section 49 of the <i>Audit Commission Act 1998</i> has been repealed and replaced by provisions in Schedule 11 of LAAA 2014. This change has not been transitionally introduced and auditors and local authority bodies need to be aware that this applies to all audits, irrespective of the year. Thus, any reference to the prohibition against disclosure needs to be to Schedule 11 and not section 49. There are no material differences between the two sets of provisions.</p> <p><b>3) Connected entities</b></p> <p>LAAA 2014 introduces a new concept into the audit regime, “connected entities”. Connected entities are bodies that are separate to the relevant authority, but are associated with the authority in such a manner that requires the authority to record financial information relating to the entity in its accounts.</p> <p>The full definition of “connect entities” is set out in paragraph 8 of Schedule 4 LAAA 2014.</p> <p>For the purposes of this Act, an entity (“E”) is connected with a relevant authority at any time if E is an entity other than the relevant authority and the relevant authority considers that, in accordance with proper practices in force at that time:</p> <ul style="list-style-type: none"> <li>■ the financial transactions, reserves, assets and liabilities of E are to be consolidated into the relevant authority's statement of accounts for the financial year in which that time falls;</li> <li>■ the relevant authority's share of the financial transactions, reserves, assets and liabilities of E is to be consolidated into the relevant authority's statement of accounts for that financial year; or</li> <li>■ the relevant authority's share of the net assets or net liabilities of E, and of the profit or loss of E, are to be brought into the relevant authority's statement of accounts for that financial year.</li> </ul>	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p><b>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015 (continued)</b></p>	<p>● <b>Low</b></p>	<p><b>3) Connected entities (continued)</b></p> <p>Authorities have a number of duties in relation to their connected entities under LAAA 2014 beyond those which are expanded on below:</p> <ul style="list-style-type: none"> <li>■ Auditors have a right to access documents (at all reasonable times) relating to connected entities, as well as those relating to the “parent” relevant authority. The auditor can inspect, copy or take away documents. The auditor can also require people who are in possession or are accountable for the document (or have been in the past) to provide the auditor with any information or explanation that may be needed, and can require a meeting with such persons. Where a document is stored electronically, the auditor can require assistance from the relevant person at the connected entity or relevant authority in accessing the document. The connected entity must provide the auditor with such facilities and information as are reasonably required to carry out the audit functions.</li> <li>■ The right to information and explanation, or to require a meeting, extends in relation to connected entities to: <ul style="list-style-type: none"> <li>– any persons elected or appointed to an entity;</li> <li>– any employee of the entity; and</li> <li>– an auditor of the accounts of the entity.</li> </ul> </li> </ul> <p>Many of the provisions on PIRs and written recommendations in Schedule 7 apply to connected entities. Accordingly, auditors must consider whether a PIR should be made on any matter coming to their attention during the audit and relating to the authority and/or a connected entity. Similarly, an auditor may make a written recommendation to a relevant authority relating to a connected entity.</p>	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
<b>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015 (continued)</b>	<p style="text-align: center;">●</p> <p style="text-align: center;"><b>Low</b></p>	<p><b>4) Power to call for information: exception for legally professionally privileged information</b></p> <p>Section 22(12) LAAA 2014 clarifies that the auditor’s right to information and documents cannot be used to compel disclosure of legally privileged information. If a person would be entitled to refuse to produce documents in legal proceedings in reliance on the doctrine of legal professional privilege, they are equally entitled to refuse to provide the relevant information or documents to the auditor. This is a notable new provision and auditors will need to bear this in mind in requesting sight of an audited body’s own legal advice. Any provision of such will be voluntary and cannot be compelled.</p>	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p><b>Consultation on 2016/17 audit work programme and scales of fees</b></p>	<p>● Low</p>	<p>Public Sector Audit Appointments Ltd (PSAA) has published its consultation on the 2016/17 proposed work programme and scales of fees.</p> <p>The consultation sets out the work that auditors will undertake at principal audited bodies for 2016/17, with the associated scales of fees. The consultation documents, and list of individual proposed scale fees, are available on the PSAA website at <a href="http://www.psa.co.uk/audit-and-certification-fees/consultation-on-201617-proposed-fee-scales/">www.psa.co.uk/audit-and-certification-fees/consultation-on-201617-proposed-fee-scales/</a></p> <p>There are no planned changes to the overall work programme for 2016/17. It is proposed that scale fees are set at the same level as the scale fees applicable for 2015/16, set by the Audit Commission before it closed in March 2015. The Commission reduced scale fees from 2015/16 by 25 per cent, in addition to the reduction of up to 40 per cent made from 2012/13.</p> <p>Following completion of the Audit Commission's 2014/15 accounts, PSAA has received a payment in respect of the Audit Commission's retained earnings.</p> <p>PSAA will redistribute this and any other surpluses from audit fees to audited bodies, on a timetable to be established shortly.</p> <p>The work that auditors will carry out on the 2016/17 accounts will be completed based on the requirements set out in the Local Audit and Accountability Act 2014 and under the Code of Audit Practice published by the National Audit Office.</p> <p>The consultation closed on Friday 15 January 2016. PSAA will publish the final work programme and scales of fees for 2016/17 in March 2016.</p>	<p><i>The Committee may wish to seek assurances on how their Authority have responded to the consultation.</i></p>



Area	Level of impact	Comments	KPMG perspective
<b>New local audit framework</b>	 <b>Medium</b>	<p>The Local Audit and Accountability Act 2014 included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20.</p> <p>DCLG have now announced that the audit contracts for large local government bodies (including district, unitary and county councils, police and fire bodies, transport bodies, combined authorities and national parks) will be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies will need to appoint their own auditors; it is not yet clear whether there will be a sector-led body that is able to undertake this role on behalf of bodies.</p> <p>CIPFA have now issued guidance that was commissioned by DCLG on the creation of Auditor Panels. The guidance is available at <a href="http://www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf">www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf</a> The guidance provides options on establishing an Auditor Panel, and the roles and responsibilities the panels will have once established.</p> <p>NHS and smaller local government bodies (town and parish councils, and internal drainage boards), will not have their contracts extended, and will have to appoint their own auditors for 2017/18, one year earlier than for larger local government bodies.</p>	<p><i>Members may wish to review the CIPFA guidance and begin initial discussions with colleagues about the approach the Authority may wish to adopt.</i></p> <p><i>We have prepared a briefing note for clients and we are discussing with the Chief Finance Officer how best to present this to members.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p><b>National Audit Office Value for Money Conclusion guidance</b></p>	<p style="text-align: center;">● <b>High</b></p>	<p>The National Audit Office (NAO) issued new Value for Money guidance for auditors in November 2015. The new NAO guidance states that auditors are required to reach their statutory conclusion on arrangements to secure VFM based on the following overall evaluation criterion:</p> <p style="padding-left: 40px;"><i>In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.</i></p> <p>There are three sub-criteria that are intended to guide auditors in reaching their overall judgements:</p> <ul style="list-style-type: none"> <li>▪ informed decision making;</li> <li>▪ sustainable resource deployment; and</li> <li>▪ working with partners and other third parties.</li> </ul> <p>The guidance sets out:</p> <ul style="list-style-type: none"> <li>■ The general framework for the auditor’s assessment, within the Act and the Code of Audit Practice</li> <li>■ The expected areas of focus in determining whether the audited bodies’ arrangements are adequate</li> <li>■ The expected risk based audit approach and the reporting arrangements</li> <li>■ Sector specific guidance for NHS and Foundation Trusts, CCGs, local government, police, fire and rescue and other bodies. The guidance also provides illustrative examples of the types of developments that auditors would be likely to consider to be ‘significant risks’ and sets out the actions they would be expected to take.</li> </ul> <p><a href="https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/">https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/</a></p>	<p><i>We will discuss the guidance with officers and report our findings to the Governance and Audit Committee in September 2016.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<b>NAO report – Local Government New Burdens</b>	<p style="text-align: center;">● Low</p>	<p>This report from the NAO considers how well central government has applied the New Burdens Doctrine. This sets out how the government would ensure that new requirements that increased local authorities' spending did not lead to excessive council tax increases. The focus of this report is more on central government but includes findings that may also be of interest to local government bodies.</p> <p>The report is available from the NAO website at <a href="http://www.nao.org.uk/report/local-government-new-burdens/">www.nao.org.uk/report/local-government-new-burdens/</a></p>	<p><i>The Committee may wish to review the report to understand what impact this could have at the local government level</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p><b>NAO report – Devolving responsibilities to cities in England: Wave 1 City Deals</b></p>	<p>● Low</p>	<p>Wave 1 City Deals encouraged cities to develop capacity to manage devolved funding and increased responsibility. The report finds it is too early to tell whether the deals will have any overall impact on growth, and that the government and the cities could have worked together in a more structured way to agree a consistent approach to evaluating the deals’ impact. There have been early impacts from some of the individual programmes agreed in the deals. It has, however, taken longer for cities and departments to implement some of the programmes that required more innovative funding or assurance mechanisms.</p> <p>The government has set out its ambition to continue devolving responsibility for local growth to cities and other local places. The report highlights that both the government and local places can learn from the experience of Wave 1 City Deals to manage devolution to local places effectively.</p> <p>The report is available on the NAO website <a href="http://www.nao.org.uk/report/devolving-responsibilities-to-cities-in-england-wave-1-city-deals/">www.nao.org.uk/report/devolving-responsibilities-to-cities-in-england-wave-1-city-deals/</a></p>	<p><i>The Committee may wish to seek assurances how their Authority fit into the emerging City Deals.</i></p>

Area	Level of Impact	Comments
<p><b>Proposed changes to business rates and core grant</b></p>	<p>● <b>For Information</b></p>	<p>The Chancellor of the Exchequer has proposed some radical reforms of local government finance. The proposals are that by the end of the decade, councils will retain all locally raised business rates but will cease to receive core grant from Whitehall.</p> <p>The Chancellor set out the landmark changes in a speech to the Conservative party conference in Manchester, saying it was time to face up to the fact that “the way this country is run is broken”.</p> <p>Under the proposals, authorities will be able to keep all the business rates that they collect from local businesses, meaning that power over £26 billion of revenue from business rates will be devolved, he said</p> <p>The uniform national business rate will be abolished, although only to allow all authorities the power to cut rates. Cities that choose to move to systems of combined authorities with directly elected city wide mayors will be able to increase rates for specific major infrastructure projects, up to a cap, likely to be set at 2p on the rate.</p> <p>The system of tariffs and top-ups designed to support areas with lower levels of business activity will be maintained in its present state.</p>

Area	Level of Impact	Comments
<p><b>Greater Manchester Combined Authority</b></p>	<p>● <b>For Information</b></p>	<p>Greater Manchester Combined Authority (GM) has pioneered the concept of local devolution within England. “Devo Manc” encompasses a broad range of proposals to address the challenges and opportunities GM is facing:</p> <p><b>Health and Social Care</b></p> <p>Greater Manchester is facing an estimated financial deficit of c. £2 billion by 2020/21. A Memorandum of Understanding was signed in February 2015 between all partners in GM, committing the region to produce a comprehensive Strategic and sustainable Plan for health and social care.</p> <p>As part of the Plan, GM is seeking to use its share of the £8 billion promised to the NHS in the CSR to support new recurrent costs and protect social care budgets, closing over a quarter of the funding gap. A further investment by the partners of £500 million, phased over three years, will release future recurrent savings with a likely payback of £3 for every £1 invested.</p> <p><b>GM proposals</b></p> <p>In addition, GM has made a number of proposals to reform the way public services work together and deliver services within the region:</p> <ul style="list-style-type: none"> <li>■ Investment in transport infrastructure</li> <li>■ New funding mechanisms to support site remediation and infrastructure provision</li> <li>■ Making better use of Social Housing Assets to support growth</li> <li>■ Locally led low carbon</li> <li>■ A scaled-up GM Reform Investment Fund</li> <li>■ Devolution of decision making for apprenticeships and training, and reform to careers advice and guidance</li> <li>■ Fundamental review of the way services to children are delivered</li> <li>■ Research and innovation funding</li> <li>■ Investment in integrated business support to drive growth and productivity</li> <li>■ Reform of the New Homes Bonus</li> <li>■ Further employment and skills reform</li> <li>■ GM approach to data sharing across public agencies</li> <li>■ Fiscal devolution, including reform to Business Rates, Council Tax, Stamp Duty Land Tax and a Hotel Bed Tax</li> </ul> <p>All of these proposals involve joint working, not just with other GM agencies, but also central government departments. This allows the existing financial resources provided to the region to be redeployed more efficiently to maximise the benefits to GM.</p>

Area	Level of Impact	Comments
<p><b>Public Sector Audit Appointments Ltd (PSAA) – VFM profiles update</b></p>	<p>● <b>For Information</b></p>	<p>Public Sector Audit Appointments Ltd (PSAA) maintain the Value for Money profiles tool (VFM profiles) initially developed by the Audit Commission. The profiles were updated on 1 October 2015.</p> <p>The VFM profiles planned budget section now contains the 2015/16 data sourced from the Department for Communities and Local Government – General Fund Revenue Account Budget (RA). The values are adjusted with gross domestic product (GDP) deflators from the HM Treasury's publication in June 2015. The profiles can be accessed through the PSAA's homepage at <a href="http://www.psa.co.uk/">http://www.psa.co.uk/</a></p> <p>Other sections of the VFM profiles have also been updated with the latest data values for the following data sources:</p> <ul style="list-style-type: none"> <li>■ Inequality gap (2012/13)</li> <li>■ Fuel poverty (2013)</li> <li>■ Climate change (2013)</li> <li>■ Alcohol related admissions (2013/14)</li> <li>■ Mid-year population estimates (2014)</li> <li>■ Chlamydia testing (2014)</li> <li>■ Participation in education or work-based learning (2014)</li> <li>■ Housing benefit speed of processing (2014/15)</li> <li>■ CT and NNDR collection rates (2014/15)</li> <li>■ NHS health checks (2014/15)</li> <li>■ Planning applications (Quarter 4 2014/15)</li> <li>■ Delayed transfers of care (Quarter 1 2015)</li> <li>■ Under 5 provision (2015)</li> </ul>



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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 at current prices, according to research. In twenty years they could quadruple, with the average house price estimated to rise to over £900,000 at current prices 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 in a landmark report from KPMG and Shelter 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; and</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="http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/building-the-homes-we-need-programme-2015.aspx">www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/building-the-homes-we-need-programme-2015.aspx</a></p>

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<p><b>KPMG publication titled: Value of Audit – Perspectives for Government</b></p>	<p><b>What does this report address?</b></p> <p>This report builds on the <i>Global Audit campaign – Value of Audit: Shaping the future of Corporate Reporting</i> – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed.</p> <p>Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future.</p> <p><b>What are the key issues?</b></p> <ul style="list-style-type: none"> <li>■ The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements.</li> <li>■ The importance of trust and independence of government across different markets.</li> <li>■ How government audits can provide accountability thereby enhancing the government’s controls and instigating decision-making.</li> <li>■ The importance of technology integration and the issues that need to be addressed for successful implementation</li> <li>■ The degree of reliance on government financial reports as a result of differing approaches to conducting government audits</li> </ul> <p>The <i>Value of Audit: Perspectives for Government</i> report can be found on the KPMG website at <a href="https://home.kpmg.com/xx/en/home/insights.html">https://home.kpmg.com/xx/en/home/insights.html</a></p> <p>The <i>Value of Audit: Shaping the Future of Corporate Reporting</i> can be found on the KPMG website at <a href="http://www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx">www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx</a></p>

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<p><b>Local Government Technical Update – February 2016</b></p>	<p>We are pleased to confirm that we are once again running a series of local government accounts workshops for key members of your finance team. The workshops are focussed at Chief Accountants and similar staff who will be involved in and responsible for the 2015/16 close down and statement of accounts.</p> <p>The workshops will be led by our regional local government audit teams supported by our national local government technical lead Greg McIntosh. The agenda will include:</p> <ul style="list-style-type: none"> <li>■ Review of 2014/15;</li> <li>■ Key Issues and developments for 2015/16;</li> <li>■ Longer term developments; and</li> <li>■ Tax and Pensions specialists.</li> </ul> <p>The events are taking place as follows:</p> <ul style="list-style-type: none"> <li>■ Leeds – 4 February 2016</li> <li>■ Leicester – 5 February 2016</li> <li>■ Preston – 8 February 2016</li> <li>■ Birmingham – 12 February 2016</li> <li>■ London (Canary Wharf) – 22 February 2016</li> <li>■ Bristol – 24 February 2016</li> </ul> <p>Representatives from your finance team attended the event on 4 February in Leeds.</p> <p>For more information, please contact John Cornett <a href="mailto:john.cornett@kpmg.co.uk">john.cornett@kpmg.co.uk</a> 0116 256 6064</p>



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