



cutting through complexity™

Audit Committee Institute

Sponsored by KPMG

Intro to KPMG & the Audit Committee Institute

Andy Cardoza

Markus Korner





cutting through complexity™

1. Audit appointments

2. Introduction to KPMG

3. Q&A

4. Audit Committee Institute

5. Q&A

Audit Commission role

- The Audit Commission Act 1998 sets out the statutory responsibilities of the **Audit Commission**, including:
 - appointing auditors to councils, NHS bodies (excluding NHS foundation trusts), police authorities and other local public services in England
 - setting audit fees
 - overseeing the local public audit regime
 - managing the contracts for audit and related services
- The Commission's **Audit Practice** (formerly District Audit Service) has been undertaking audit appointments under the Audit Commission regime

Audit appointments for 2012/13

- Until 2012, the Commission outsourced around 30% of the work of its Audit Practice to audit firms, such as KPMG
- In March 2012 the Commission outsourced the remaining 70% of the work of its Audit Practice to four suppliers in ten lots; KPMG won the East Midlands contract
- Audit Practice staff will transfer to these suppliers on 1 November
- All contracts will last for five years from 2012/13 with 40% reduction in audit fees for most bodies
- Until abolished by legislation, the residual Audit Commission will continued to fulfil its statutory functions



cutting through complexity™

1. Audit appointments

2. Introduction to KPMG

3. Q&A

4. Audit Committee Institute

5. Q&A

Background on UK KPMG LLP

UK Employees

11,000

UK Locations

23 offices

UK Turnover in 2011

£1.48 billion

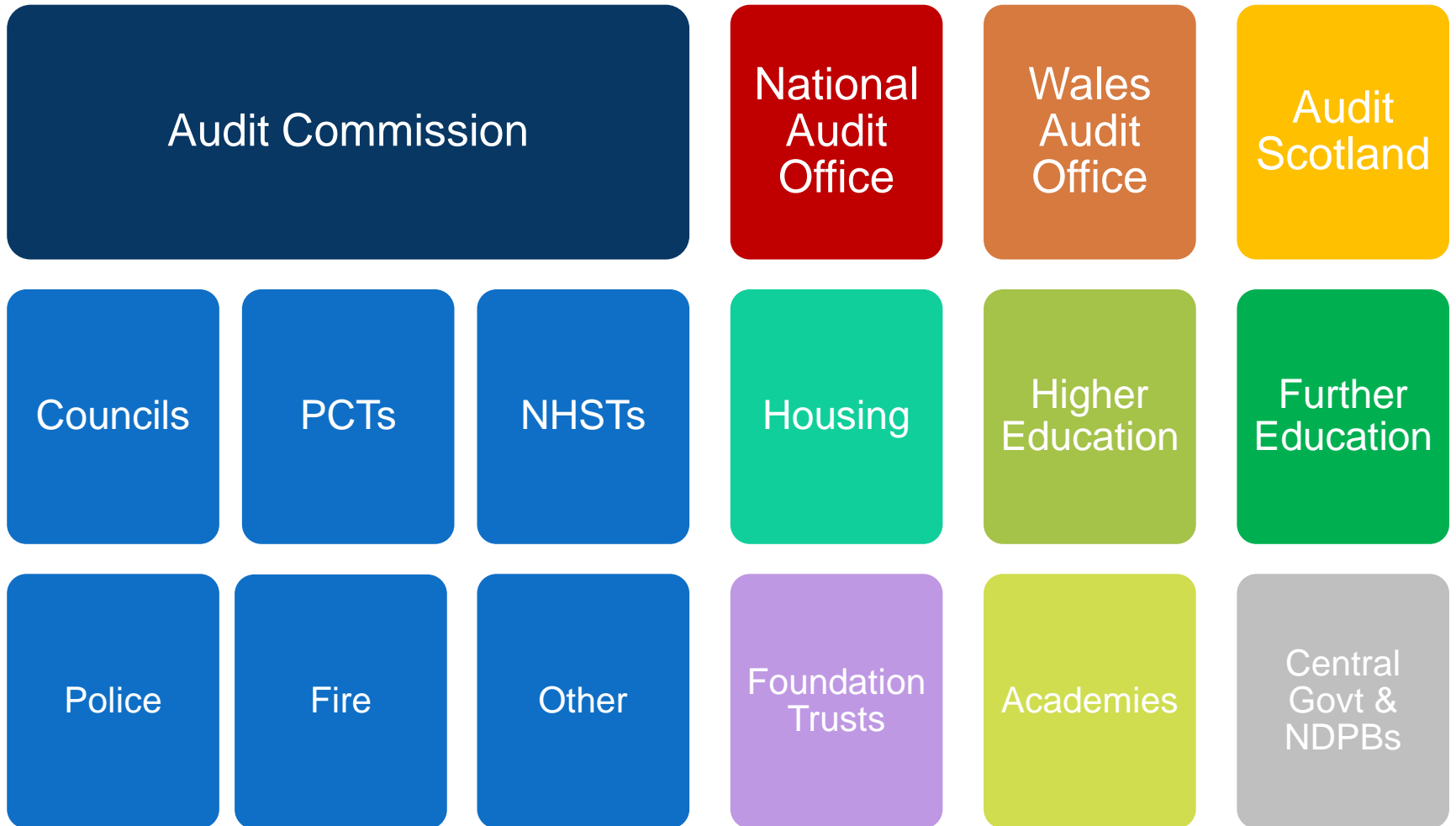


KPMG's public sector audit practice

Our public sector audit practice covers:

- 4 regions: North, Midlands, South West, and London/
Eastern Counties
- 385 employees
- 470 external audit clients
- 230 non-audit clients

KPMG public sector audit work



KPMG clients – Audit Commission framework

- KPMG is now the second biggest audit supplier to the Commission, responsible for around 25% of audits
- Our clients include:
 - 41 single and upper tier local authorities
 - 45 borough and district councils
 - 23 other local authorities
 - 23 pension funds
 - 41 primary care trusts
 - 21 NHS trusts

KPMG UK offices

| | | | | |
|---------------------|-------------|----------------|------------|---------------|
| Aberdeen | Birmingham | Bristol | Cambridge | Cardiff |
| Edinburgh | Gatwick | Glasgow | Ipswich | Leeds |
| Leicester | Liverpool | London | Manchester | Milton Keynes |
| Newcastle-upon-Tyne | Nottingham | Plymouth | Preston | Reading |
| | Southampton | Stoke-on-Trent | Watford | |

KPMG Public Sector Audit Leadership



Name

- Mike McDonagh

Position

- Head of Audit, Public Sector

Role

- Overall national responsibility for all of KPMG's public sector audit work
- KPMG national lead for local government & central government
- Engagement lead for Audit Commission audits



Name

- Trevor Rees

Position

- Partner, Public Sector

Role

- Contact Partner for Audit Commission contract
- Engagement lead for Audit Commission audits

Quality track record

- Long history of positive assessments through the Audit Commission's Quality Review Process for:
 - the quality of KPMG's work
 - our compliance with the Audit Commission's requirements
 - audited body satisfaction
- Positive outcome from cyclical AIU reviews in 2010
- Since the introduction of an overall scored QRP report, KPMG has been:
 - top scoring audit supplier in 2010
 - second highest scoring supplier in 2011
- Our approach is based on a strong focus on quality, embedded in how we work and our culture

Our reputation for service excellence

- KPMG was named 'Global Firm of the Year' at the Accountancy Age Awards 2010
- Our Audit Commission team was 'Audit Team of the Year' in 2009
- Audit Firm of the Year in the British Accountancy Awards 2011
- And many more.....



Our values

- We lead by example
- We work together
- We respect the individual
- We seek facts and provide insight
- We are open and honest in our communications
- We are committed to our communities
- We act with integrity.

Delivery of audit work

Staffing

Maintain continuity

But introduce mixed teams

Technical excellence

Comprehensive technical support

Network of specialists

Efficiency

Focused & risk based audit

Faster delivery, less time on site

Technology

Reporting

Plain English

Concise

Adding value



cutting through complexity™

1. Audit appointments

2. Introduction to KPMG

3. Q&A

4. Audit Committee Institute

5. Q&A



cutting through complexity™

1. Audit appointments

2. Introduction to KPMG

3. Q&A

4. Audit Committee Institute

5. Q&A



cutting through complexity™

Audit Committee Institute

Sponsored by KPMG

Audit Committee Institute



Audit Committee Institute

- Recognising the importance of audit committees, the Audit Committee Institute (ACI) has been created to serve audit committee members and help them to adapt to their changing role.
- Sponsored by KPMG, the ACI provides knowledge to audit committee members and is a resource to which they can turn for information or to share knowledge.

ACI – Key publications

- Key publications include:
 - Toolkit – ‘A Practical Guide – Shaping the UK audit committee agenda’
 - Annual ten to-do’s for audit committees
 - ACI Quarterly
 - Briefings



ACI – Key initiatives

- Key initiatives include:
 - Professional Development Programme
 - Chair 100 Group – FTSE 100
 - BOFI Programme – Training and development for NEDs of Banks & Other Financial Institutions
 - FTSE 350 Breakfast programme
 - Local Government Programme



ACI – Local Government Programme

- Currently runs twice yearly
- Early evening events around the country
- Designed specifically for local authority members with Audit Committee (or equivalent) responsibilities.
- Mixture of presentations and round table discussions
- Forum for Audit Committee members to network and share ideas
- Autumn session for the Midlands is on 13 November in Leicester and in Leeds on 28 November
- On the agenda this autumn: Hot topics briefing; Partnership governance; ‘The Brilliant Local Authority of the Future’ – threats and opportunities facing local government



cutting through complexity™

1. Audit appointments

2. Introduction to KPMG

3. Q&A

4. Audit Committee Institute

5. Q&A