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Annual Audit Letter 2013/14

London Borough of Ealing

October 2014



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Report sections

- Headlines

Appendices

1. Summary of reports issued
2. Audit fees

Page

2

3

4

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 4448 330.

This report summarises the key findings from our 2013/14 audit of the London Borough of Ealing (the Authority).

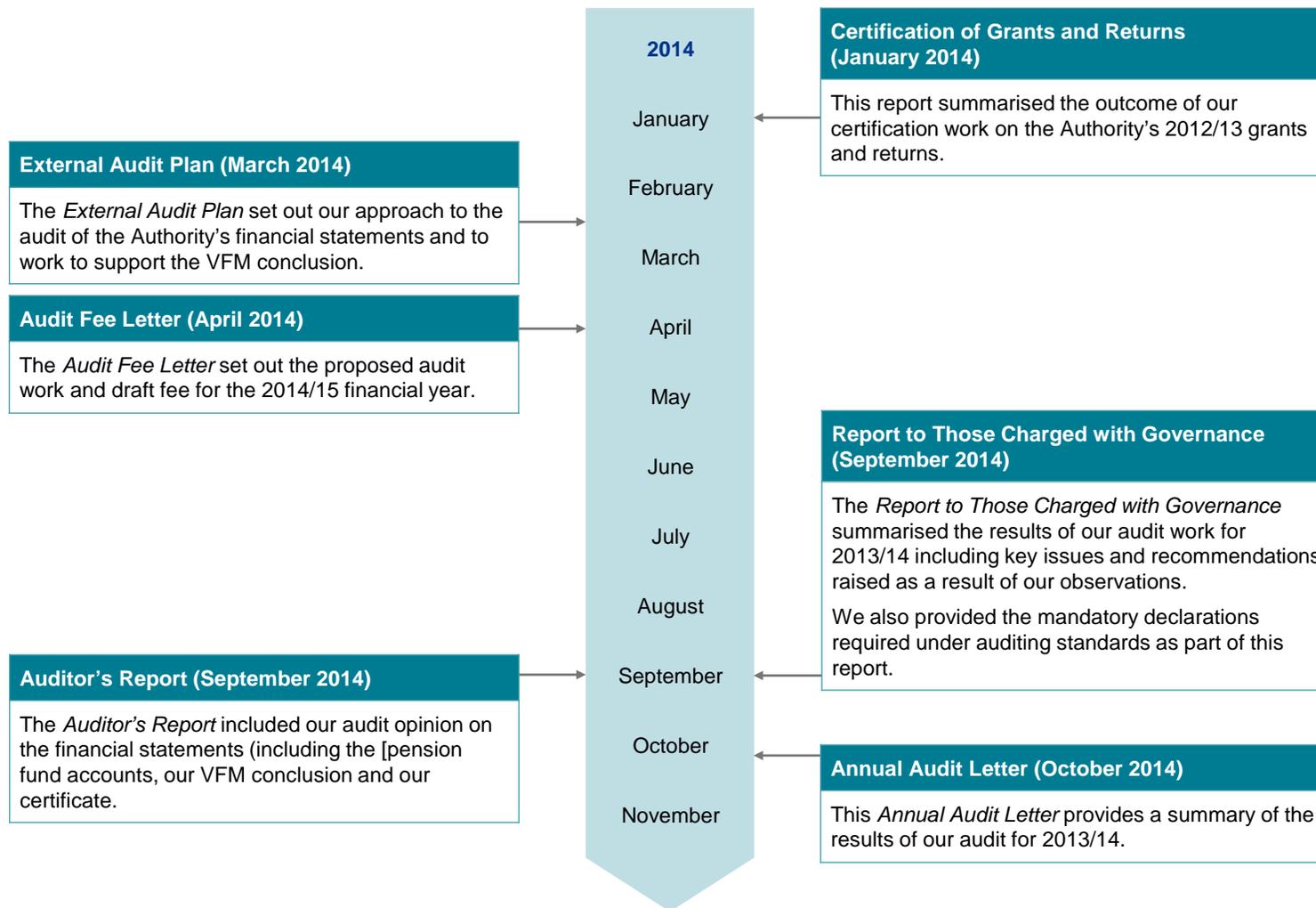
Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 23 September 2014. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 23 September 2014. This means that we believe the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2014 and of its expenditure and income for the year then ended. The financial statements also include those of the pension fund.</p>
Financial statements audit	<p>The Authority decided to work to an accelerated closedown this year, and a draft set of financial statements was made available for audit on 16 June 2014 in line with the timetable, and two weeks ahead of the deadline. The Authority's desire to reduce the time taken to produce the accounts is positive.</p> <p>We did not identify any material adjustments to the primary financial statements although adjustments were made to the notes to the financial statements. We identified one unadjusted difference of £1.1 million relating to the new accounting treatment for National Non Domestic Rates within the Collection Fund Account and this was not adjusted as it was not considered material.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>
Pension fund audit	<p>There were no significant issues arising from our audit of the pension fund.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.</p>
Certificate	<p>We issued our certificate on 23 September 2014.</p> <p>The certificate confirms that we have concluded the audit for 2013/14 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
Audit fee	<p>Our fee for 2013/14 for the Authority's accounts was £223,574 excluding VAT and for the Pension Fund £21,000 excluding VAT. We needed to carry out additional work in response to a local elector query, and on National Non Domestic Rates (NNDR) for our audit opinion. The NNDR work was needed because we were not required to certify your return to the Department for Communities and Local Government, and so did not have that work to rely on. The final fee is subject to agreement with both the Audit Commission and the Authority. Further details are contained in Appendix 2.</p>

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



This appendix provides information on our final fees for 2013/14.

To ensure openness between KPMG and your Audit Committee about the extent of our fee relationship with you, we have summarised the outturn against the 2013/14 planned audit fee.

External audit

Our final fee for the 2013/14 audit of the Authority was £223,574 (2012/13: £223,510). This compares to a planned fee of £219,510. The reasons for this variance are:

- an increased fee for the audit of the financial statements reflecting additional costs incurred in carrying out the final accounts audit of £2,600 over and above our initial estimate as at April 2013. This was due to us having to complete additional work on National Non Domestic Rates where in the past we had audited this separately as part of certification of grants and returns work; and
- additional work relating to an item raised by a local elector of £1,464.

Our final fee for the 2013/14 audit of the Pension Fund was in line with the planned fee of £21,000 (2012/13 £21,000).

Our fees for the additional work are still subject to final determination by the Audit Commission.

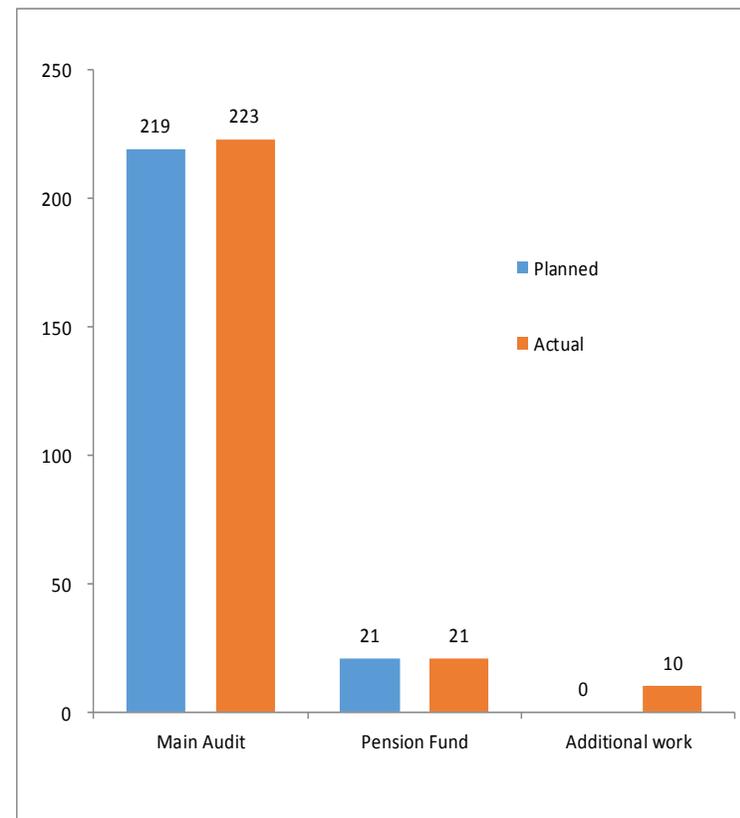
Certification of grants and returns

Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2013/14* which we are due to issue in December 2014.

Other services

We also charged £10,000 for tax advice. This work was not related to our responsibilities under Audit Commission's *Code of Audit Practice*.

External audit fees 2013/14 (£'000)





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