



Report for: INFORMATION
Item Number:

Contains Confidential or Exempt Information	NO
Title	Annual Audit Letter & Audit Progress Update
Responsible Officer	Maria G Christofi, Director of Finance
Authors	Ruairi Hughes Financial Control Manager Tel: 0208 825 7811 Email: hughesr@ealing.gov.uk
Portfolio	Cllr Yvonne Johnson – Finance, Performance & Customer Services
For Consideration By	Audit Committee
Date to be considered	20 January 2016
Implementation Date if Not Called In	N/A
Affected Wards	All
Area Committees	N/A
Keywords/Index	Audit, Control, KPMG

Purpose of Report:
The Council's external auditors, KPMG, have concluded their audit of the 2014/15 accounts and have prepared the Annual Audit Letter for the Council which is appended to this report (Appendix 1).

The Annual Audit Letter summarises the key findings from the audit of the 2014/15 Statement of Accounts and highlights the fact that the Council received an unqualified opinion for its Statement of Accounts.

KPMG will also verbally update on the audit progress.

KPMG are in attendance at this Committee meeting and will present to the Committee.

1. Recommendation

1.1. It is recommended that the Committee notes:-

- The external auditors Annual Audit letter in respect of the 2014/15 audit of the Statement of Accounts (Appendix 1)
- The Audit Progress

2. Reason for Decision and Options Considered

2.1 This is a report for information; no decision is required.

3. Key Implications – Annual Audit Letter

3.1 KPMG are the Council's external auditors and under the Code of Audit Practice, appointed auditors are required to comply with the current accounting and audit standards. Appointed auditors act separately from their organisation and in meeting their statutory responsibilities are required to exercise their professional judgement independently of the audited body. KPMG will attend the Committee to introduce the above report and respond to questions accordingly.

3.2 External audit is an essential element in the process of governance of public money and makes an important contribution to the stewardship of public resources and the corporate effectiveness of the public service. Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of their work covers the audit of financial statements, value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

3.3 Members of the Audit Committee are advised that the Annual Audit Letter is set out in **Appendix 1**. The key findings reported in this letter are:-:

- Unqualified opinion given on the Council's Statements of Accounts and on the Pension Fund accounts for the year ended 31 March 2015. Also an unqualified value for money conclusion.
- The Council had an accelerated closedown in 2014/15 and achieved the closedown of the accounts a week earlier than the previous year with the accounts made available for audit on 9 June 2015. This was three weeks ahead of the statutory deadline.
- The audit identified three significant audit adjustments (detailed in Appendix 1 page 2). The net worth of the authority decreased by £17.2m however this did not have an impact on the Council's useable reserves.
- The Audit Certificate (signifying the close of audit) was issued on 28 September 2014. The audit certificate signifies the complete conclusion of the audit.
- The Whole of Government Accounts was also considered consistent with the overall Council's financial statements
- The Annual Governance Statement was also concluded as consistent with KPMG's understanding and view.
- There were no significant issues arising from the audit of the Pension Fund.

4. Key Implications – External Audit Progress update

4.1 As part of the Code of Audit Practice, KPMG provides an update on audit progress. KPMG are in attendance at this Committee meeting and will verbally update progress.

5. Financial implications

5.1The cost of the audit for 2014/15 is set out below:

	Budget	Actual
	£	£
Audit of Council Accounts	222,110	223,094
Audit of Pension Fund	21,000	21,000
Certification of grant claims	35,440	35,440
	278,550	279,534

5.2 In terms of the main audit fee of £222,110, there was a small increase in this fee of £984 for additional work requested by the Authority relating to a flexible retirement proposal.

5.3 The fee for the certification of grant claims was £35,440. See separate report on Committee agenda entitled “KPMG Certification of Grants Report” which provides commentary on the 2014/15 grant claims.

6. Legal

6.1 The Accounts and Audit (England) Regulations 2011 require that, as soon as reasonably possible after receipt of the annual letter from the auditor, the members of the Committee must meet to consider it and following that consideration must:

- (a) publish the annual audit letter received from the auditor; and
- (b) make copies available for purchase by any person on payment of such sum as the Council may reasonably require.

7. Value For Money (VFM)

7.1 The external auditors have issued an unqualified VFM conclusion confirming the Council has proper arrangements to secure economy, efficiency and effectiveness in the way resources are used.

8. Risk Management

8.1 KPMG’s audit letter comments that the Medium Term Financial Strategy is sufficiently robust to manage risk and assist the Council in delivering services whilst maintaining financial stability.

9. Community Safety

9.1 Not applicable.

10. Links to Strategic Objectives

10.1 The issues outlined in this report are linked to the Council's objective 'Becoming a high performing organisation, focused on the needs of its communities'.

11. Equalities and Community Cohesion

11.1 No identified need for the completion of an Equality Impact Assessment.

12. Staffing/Workforce and Accommodation implications:

12.1 Not applicable

13. Property and Assets

13.1 Not applicable

14. Consultation

14.1 As per attached table

15. Appendices

Appendix 1: Annual Audit Letter 2014/15

16. Background Information

Financial Statements

http://www.ealing.gov.uk/info/200687/council_budgets_and_spending/338/state_ment_of_accounts

Consultation

Name of consultee	Department	Date sent to consultee	Date response received	Comments appear in report para:
Cllr Yvonne Johnson	Finance, Performance & Customer Service	12-01-2016		
Ian O'Donnell	Executive Director of Corporate Resources	12-01-2016		
Maria Christofi	Director of Finance	11-01-2016	11-01-2016	
Maria Campagna	Strategic Finance Partner – Corporate	06-01-2016	07-01-2016	Throughout

Report
History

Decision type For information and action	Urgency item? No		
Authorised by Cabinet member:	Date report drafted:	Report deadline:	Date report sent:
Cllr Yvonne Johnson			
Report no.:	Report author and contact for queries: Ruairi Hughes Financial Control Manager 020 8825 7811		