



Report for: INFORMATION
Item Number: 7

Contains Confidential or Exempt Information	NO
Title	Annual Audit Letter & Progress Report (KPMG)
Responsible Officer(s)	Ross Brown, Director of Finance
Author(s)	Simon Peet, Finance Manager - Financial Control & Banking
Portfolio(s)	Cllr Yvonne Johnson – Finance, Performance & Customer Services
For Consideration By	Audit Committee
Date to be Considered	29 November 2017
Implementation Date if Not Called In	N/A
Affected Wards	All
Keywords/Index	Audit, Control, KPMG

Purpose of Report:

The Council’s external auditors, KPMG, have concluded their audit of the 2016/17 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 2016/17 Statement of Accounts and highlights the fact that the Council received an unqualified opinion for its Statement of Accounts.

KPMG are in attendance at this Committee meeting and will present an update to the Committee on the 2017/18 Audit Progress (Appendix 2)

1. Recommendations

- 1.1 It is recommended that the Committee notes:
- The external auditors’ Annual Audit Letter in respect of the 2016/17 audit of the Statement of Accounts (Appendix 1)
 - The 2017/18 Audit Progress Report (Appendix 2)

2. Reason for Decision and Options Considered

- 2.1 This report is for information only, 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 current accounting & audit standards. Appointed auditors act separately from the 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 report and respond to questions.
- 3.2 External audit is an essential element in the process of governance of public services, making an important contribution to the stewardship of public resources and corporate effectiveness. Audit in the public sector is underpinned by three fundamental principles:
- Auditors are appointed independently from the body being audited.
 - The scope of their work covers the audit of financial statements, value for money and the conduct of public business.
 - Auditors may report aspects of their work widely to the public and other key stakeholders.
- 3.3 KPMG's Annual Audit Letter for 2016/17 is set out in Appendix 1. The key findings are:
- Unqualified opinion on both the Authority's and the Pension Fund's Statement of Accounts for the year ended 31 March 2017.
 - The Audit Certificate, to confirm the completion of the 2016/17 audit, cannot be issued until an objection received from a local elector has been resolved.
 - The Authority's Whole of Government Accounts pack was considered consistent with audited financial statements.
 - Unqualified conclusion on the Authority's arrangements to secure Value for Money (VFM) for 2016/17.
 - No high priority recommendations from the 2016/17 audit work were raised.

4. Key Implications - External Audit Progress Update

- 4.1 As part of the Code of Audit Practice, KPMG provides an update on audit progress and their latest report for 2017/18 is provided in Appendix 2. KPMG will attend the Committee to introduce the report and respond to questions.

5. Financial

- 5.1 The cost of the audit for 2016/17 is set out below:

	2016/17 £	2015/16 £
Audit of Council Accounts	166,583	168,475
Audit of Pension Fund	21,000	21,000
Certification of Grant Claims *	6,000	6,000
TOTAL	193,583	195,475

* Includes Teachers Pension Return and Pooling of Housing Capital Receipts Return

5.2 These fees are in line with planned costs, however, due the objection to the Authority's 2016-17 accounts, an additional fee will be charged which will be agreed with the Council and Public Sector Audit Appointments Limited in due course.

6. Legal

6.1 The Accounts and Audit (England) Regulations 2015 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

7.1 The external auditors have issued an unqualified VFM conclusion confirming the Council had appropriate arrangements during the year to secure economy, efficiency and effectiveness in the use of its resources.

8. Sustainability Impact Appraisal

8.1 Not applicable.

9. Risk Management

KPMG's Audit Letter makes reference to the 2017/18 in-year forecast outturn overspend and notes the action management have taken to reduce the forecast overspend through the introduction of spending controls.

10. Community Safety

10.1 Not applicable.

11. Links to the 6 Priorities for the Borough

11.1 Financial reporting and audit assists the council's in delivery of all six of its priorities for the borough, which are to make Ealing:

- prosperous
- safer
- healthier
- cleaner
- fairer
- accessible

12. Equalities, Human Rights and Community Cohesion

12.1 The need for the completion of an Equality Analysis Assessment (EAA) was considered but not required.

13. Staffing/Workforce and Accommodation implications:

13.1 Not applicable.

14. Property and Assets

14.1 Not applicable.

15. Any other implications:

15.1 None.

16. Consultation

16.1 As per table below.

17. Timetable for Implementation

17.1 As per table below.

18. Appendices

Appendix 1: KPMG Annual Audit Letter 2016/17

Appendix 2: KPMG 2017/18 November Audit Progress Report

19. Background Information

19.1 Published Financial Statement of Accounts

https://www.ealing.gov.uk/downloads/download/4377/statement_of_accounts_2016-17

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Pat Main	Head of Corporate Finance	14/11/2017	14/11/2017	
Ross Brown	Director of Finance	15/11/2017	15/11/2017	
Catherine Taylor	Head of Legal (Litigation and Contracts)	16/11/2017		
Ian O'Donnell	Executive Director of Corporate Resources	16/11/2017		
Cllr Yvonne Johnson	Finance, Performance & Customer Service	16/11/2017		

Report History

Decision type:	Urgency item?
For information	No
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