

Report for: INFORMATION

Item Number:

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Contains Confidential or Exempt Information	NO
Title	External Audit Report – Audit Plan 2014/15
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Portfolio	Finance and Performance, Cllr Yvonne Johnson
For Consideration By	Audit Committee
Date to be considered	17 March 2015
Implementation Date if Not Called In	N/A
Affected Wards	All
Area Committees	N/A
Keywords/Index	Audit, Control, KPMG

Purpose of Report:

The attached KPMG report entitled “External Audit Plan 2014/15” sets out in detail how KPMG will deliver their financial statements audit work for the Council’s accounts and Pension Fund.

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

1. Recommendation

- 1.1 It is recommended that the Audit Committee note the strategy set out in the KPMG audit plan for the 2014/15 closedown process.

2. Reason for Decision and Options Considered

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

3. Key Implications

- 3.1 The Code of Audit Practice summarises KPMG’s responsibilities into two key objectives, requiring them to review and report on the Council’s:-

- Financial Statements (including the Annual Governance Statement); providing opinion on the Council's accounts; and
- Value for money conclusion ; concluding on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources.

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

- Auditors are appointed independently from the bodies being audited
- Audit scope 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 are required satisfy themselves that the Council's accounts comply with latest statutory requirements and that proper accounting practices have been observed in compiling them. To do this KPMG use a risk based audit approach.

3.4 Detailed planning of the timetable for the completion of the audit work will be carried out prior to the start of the audit which is due to commence on 15 June 2015.

3.5 KPMG's external Audit Plan sets out the audit approach from page 4. Key points to draw out are that the Auditor will review the Annual Governance Statement and also carry out the audit of the Whole of Government Accounts 2014/15. The KPMG Team will be on site in June and July audit queries will be completed by the end of July prior to the draft ISA 260 "Communication to those charged with Governance" being shared with the Council.

3.6 Before the start of the audit, KPMG set a money materiality level for planning purposes and for 2014/15 this has been set at £20m for the Council's accounts and at £17m for the Pension Fund accounts (materiality was £15m and £8m respectively for 2013/14). KPMG will report all audit differences over £1m for the Council's accounts and £0.5m for the Pension Fund.

3.6 KPMG will present their report to those charged with governance ISA260 to the Audit Committee at its meeting in September 2015.

4. Financial

- 4.1 The costs of the audit are shown on page 20 of the 2014/15 external audit plan. They cover the main audit at a cost of £222,100 and the Pension Fund audit at £21,000. Both of these costs have been budgeted for by the Council in 2014/15.

5. Legal

- 5.1 The Council has a duty to comply with the various Local Government Acts and Accountancy Regulations to ensure that its financial stewardship meets the appropriate legal requirements.

6. Value For Money

- 6.1 The audit plans set out the work to be carried out by KPMG to reach a conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness in the running of its operations.

7. Risk Management

- 7.1 None.

8. Community Safety

- 8.1 Not applicable.

9. Links to Strategic Objectives

- 9.1 The issues outlined in this report have a particular focus on the Council's organisational improvement objective 'Becoming a high performing organisation, focused on the needs of its communities'.

10. Equalities and Community Cohesion

- 10.1 No Equality Impact Assessment has been undertaken as the report does not affect the general duties of the Race Relations Amendment Act and the requirements of other equalities legislation.

11. Staffing/Workforce and Accommodation implications:

- 11.1 Not applicable

12. Property and Assets

- 12.1 Not applicable

13. Any other implications:

13.1 None

14. Consultation

14.1 As per attached table

15. Timetable for Implementation

15.1 None

16. Appendices

16.1 Appendix 1: KPMG audit plan for the London Borough of Ealing and Ealing pension fund

17. Background Information

17.1 None

Consultation

Name of consultee	Department	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Maria G Christofi	Director of Finance	04.03.15		Throughout

Report History

Decision type: For information	Urgency item? No
Authorised by Cabinet member:	Date drafted: report deadline: Date report sent:
Report no.:	Report author and contact for queries: Brian Thompson Head of Financial Control and Reporting, ext: 7998

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