

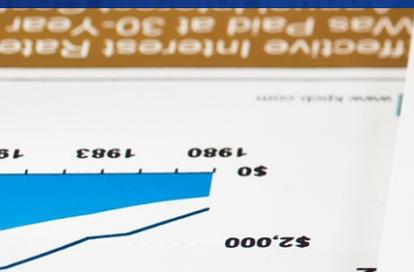


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# Annual Audit Letter 2012/13

Ealing Council

October 2013



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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](http://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](mailto: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, 3<sup>rd</sup> Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 03034448330.

**This report summarises the key findings from our 2012/13 audit of Ealing Council (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 2012/13 financial statements and the 2012/13 VFM conclusion.**

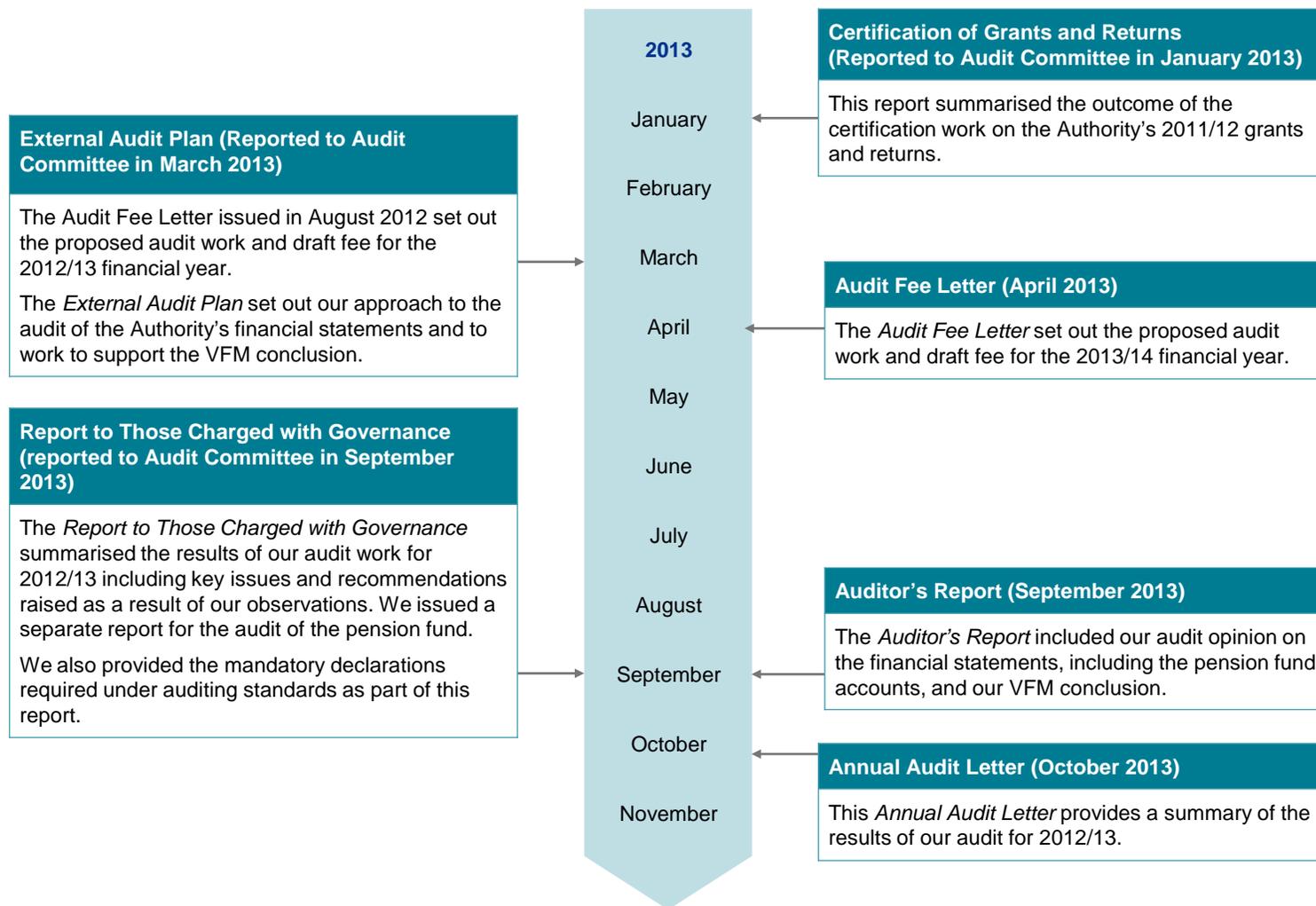
<p><b>VFM conclusion</b></p>	<p>We issued an unqualified value for money (VFM) conclusion for 2012/13 on 20 September 2013</p> <p>This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
<p><b>VFM risk area</b></p>	<p>We identified the key risk to our VFM conclusion was the Authority's plans to deliver its ongoing savings plan with £33m required in 2012/13 and a further £23m in 2013/14 as a result of funding reductions.</p> <p>We found that the Medium Term Financial Plan had considered the potential funding reductions and that it was sufficiently robust to assist the Authority in delivering services while maintaining financial stability. We also reviewed the budget monitoring arrangements and found these to be robust.</p>
<p><b>Audit opinion</b></p>	<p>We issued an unqualified opinion on your financial statements on 20 September 2013. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.</p>
<p><b>Financial statements audit</b></p>	<p>We are pleased to report that our audit of your financial statements did not identify any material adjustments. The Authority made a small number of non-trivial adjustments, most of which were of a presentational nature. There was no impact on the General Fund.</p> <p>The Authority has good processes in place for the production of the financial statements and produced good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process was completed within the planned timescales.</p>
<p><b>Annual Governance Statement</b></p>	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

<b>Pension fund audit</b>	There were no significant issues arising from our audit of the pension fund.
<b>Whole of Government Accounts</b>	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.
<b>Certificate</b>	We have received an objection to the Authority's financial statements which we are currently considering. This means that we are not yet able to issue our certificate.
<b>Audit fee</b>	Our fee for 2012/13 was £223,510 (excluding VAT) for the audit of the Council's financial statements, and £21,000 (excluding VAT) for the audit of the Pension Fund. Further details are contained in Appendix 2.

## Appendix 1: Summary of reports issued

This appendix summarises the reports we issued this year.



**This appendix provides information on our final fees for 2012/13.**

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 2012/13 planned audit fee.

#### **External audit**

Our final fee for the 2012/13 audit of the Authority was £223,510. This is an overall reduction of 39 percent on the comparative total fee for 2011/12 of £365,850. This reflects the significant reductions made nationally by the Audit Commission to its scale fees.

The final fee is in line with the planned fee that was presented to the Audit Committee in March 2013.

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

We have yet to issue our audit certificate as we have received an objection to the financial statements. We will need to raise a separate fee for any work we are required to complete on this objection.

#### **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 2012/13* which we are due to issue in December 2013.

#### **Other services**

KPMG also invoiced the Authority £12,000 for services provided in respect of partial exemption for VAT. This work was not related to our responsibilities under Audit Commission's *Code of Audit Practice*.



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