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External Audit: Progress Report

London Borough of Ealing

January 2014

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<p>Summary of work performed by KPMG</p>	<p>Since the last Audit Committee meeting on 19 September 2013 we have issued for the financial year ending 31 March 2013 our;</p> <ul style="list-style-type: none"> • Unqualified audit opinion on 20 September 2013; • Unqualified VFM conclusion on 20 September 2013; • Consistency conclusion on your Whole of Government Accounts (WGA) on 3 October 2013 prior to the deadline; and • Annual Audit Letter. <p>The Annual Audit Letter is a separate item on the agenda and summarises the work for the 2012/13 financial year.</p> <p>A local elector has objected to the Authority's financial statements for the year ended 31 December 2013 and as such we have been unable to issue our audit certificate. We are currently considering the evidence supplied relating to the issue raised to decide what action, if any, we need to take to discharge our responsibilities.</p> <p>We have completed our audit of your grant claims and returns and issued our certificates on the four grant claims we are required to audit. The findings from this work are reported in our detailed grant and returns report which is a separate item on the agenda.</p>
<p>Summary of work proposed over next quarter</p>	<p>Our work over the next quarter will focus on:</p> <ul style="list-style-type: none"> • Planning for our 2013/14 financial statements and value for money audits which will include meeting key officers; • Liaising with internal audit on their progress and findings to date; • Preparing our 2013/14 Audit Plans for the Authority and its Pension Fund for presentation at the Audit Committee on 20 March 2014; • Planning our interim accounts audit where we review the key financial controls supporting the production of financial information for inclusion within your financial statements; • Discussing the approach to the housing benefit audit and agreeing a timetable for completing the work earlier; and • Discussing with officers the arrangements for our opinion audit visit and how we can ensure the audit is delivered with maximum efficiency for both the Authority and ourselves.

<p>Actions</p>	<p>The Audit Committee is asked to:</p> <ul style="list-style-type: none"> • NOTE this Progress Report, Annual Audit Letter and Grant and Returns report
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Local Government Update

Matter	Impact on the Council
<p data-bbox="77 416 329 447">Recent publications</p> <p data-bbox="77 478 311 509">Tough Times 2013</p> <p data-bbox="77 534 1126 721">The Audit Commission's latest research, "Tough Times 2013: Councils' Responses to Financial Challenges From 2010/11 to 2013/14", shows that England's councils have demonstrated a high degree of financial resilience over the last three years, despite a 20 per cent reduction in funding from government and a number of other financial challenges. But, the Commission says, with uncertainty ahead, councils must carry on adapting in order to fulfil their statutory duties and meet the needs of local people.</p> <p data-bbox="77 758 1100 975">A survey of auditors appointed by the Commission, found that 89 per cent of councils experienced no significant difficulties in delivering their agreed budget in 2012/13 (compared with 88 per cent in 2011/12). The majority of councils (71 per cent) delivered their budgets without needing to take unplanned actions. Two thirds of councils (63 per cent) added to their reserves, while one third (37 per cent) reduced them. In aggregate, councils increased reserves by £0.9 billion in 2012/13 (7 per cent) – a smaller increase than in 2011/12.</p> <p data-bbox="77 1013 1136 1168">The Commission's research found that the three strategies most widely adopted by councils in response to their financial challenges since 2010/11 were: reducing overall staff numbers; delivering some services more efficiently; and reducing or restructuring the senior management team. From 2010/11 to 2012/13, reduced spending on staff accounted for 48 per cent of councils' total spending reductions.</p> <p data-bbox="77 1205 1108 1328">Auditors reported that some councils have found it harder to cope as funding levels have reduced. Three in ten councils (29 per cent) exhibited some form of financial stress in 2012/13, either experiencing significant difficulties in delivering their budget, taking unplanned actions to keep finances on track, or both.</p> <p data-bbox="77 1365 1129 1520">Auditors were concerned about the ability of one in ten councils to deliver their budget in 2013/14. A few of these have been a cause of concern in successive years. Factors giving auditors cause for concern this year included: the risk of councils not making adequate savings; rising cost pressures; weaknesses in financial controls; and uncertain prospects for income.</p> <p data-bbox="77 1558 1076 1649">About two-thirds of councils (64 per cent) were well placed, in the view of auditors, to deliver their medium-term financial plans. However, auditors have concerns about the medium-term financial prospects of one third of councils (36 per cent).</p> <p data-bbox="77 1686 1136 1871">The Commission also looked at what councils planned to spend on non-education services in 2013/14 compared with 2010/11. The largest average real-terms spending reductions by single tier and county councils were in planning and development services (37.6 per cent), cultural and related services (24.4 per cent) and General Fund housing services (23.4 per cent). Children's social care has been largely protected from spending reductions with councils increasing their spending by 1.2 per cent, on average, in real terms</p>	<p data-bbox="1156 457 1343 488">For information.</p>