



**Report for:  
INFORMATION**

**Item Number: 7**

<b>Contains Confidential or Exempt Information</b>	<b>NO</b>
<b>Title</b>	External Audit Reports
<b>Responsible Officer</b>	Maria G Christofi, Director of Finance
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<b>Portfolio</b>	Finance and Performance, Cllr Yvonne Johnson
<b>For Consideration By</b>	Audit Committee
<b>Date to be considered</b>	25 June 2015
<b>Implementation Date if Not Called In</b>	N/A
<b>Affected Wards</b>	All
<b>Area Committees</b>	N/A
<b>Keywords/Index</b>	Audit, Control, KPMG

**Purpose of Report:**

The attached KPMG report sets out in detail the progress to date of the work completed and required to be undertaken for the audit of the 2014/15 Council accounts together with a note of the changes to the fees to be charged.

**1. Recommendation**

- 1.1 It is recommended that the Committee note the strategy set out in the KPMG audit plans and the progress to date.

**2. Reason for Decision and Options Considered**

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

**3. Key Implications**

- 3.1 Under the Code of Audit Practice, appointed auditors are required to comply with the current professional standards. Appointed auditors act quite separately from their organisation and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both KPMG and the

audited body. The external auditors will attend the Committee to introduce the above report.

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:

3.2.1 auditors are appointed independently from the bodies being audited;

3.2.2 the scope of their work covers the audit of financial statements, value for money and the conduct of public business; and

3.2.3 auditors may report aspects of their work widely to the public and other key stakeholders.

3.3 Audit Approach

3.3.1 Detailed planning of the timetable for the completion of the audit work has been carried out. Members were advised of and noted the External Audit plan at the Audit Committee on 17 March 2015.

3.3.2 KPMG's external Audit Plan sets out the audit approach on page 2. Key points to draw out are that the Auditors are due to complete their audit by 31 July and present their ISA 260 report to Audit Committee on 8 September.

3.4 Audit Commission

3.4.1 As at 31 March 2015 the Audit Commission closed and other organisations become responsible for delivering their functions.

3.4.2 Public Sector Audit Appointments Limited will be responsible for overseeing the Commission's current external audit contracts (including housing benefit subsidy certification).

3.4.3 The National Audit Office will produce the Code of Audit Practice, carry out value for money studies and publish other information previously issued by Audit Commission.

3.4.4 Powers to conduct the National Fraud initiative will pass to the Cabinet Office.

3.4.5 Whistleblowing disclosures will now be made to the Comptroller and Auditor General.

#### **4. Financial**

4.1 The planned costs of the 2014/15 audit remain unchanged at £222,110 for the Council and £21,000 for the Pension Fund. The fee for the audit of grant claims has increased by £2,600 to £29,440 as a result of a reduction in the number of claims to be audited.

Following the closure of the Audit Commission the main audit fee has reduced 25% to £166,583.

**5. Legal**

5.1 There are no legal implications.

**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 progress report 2014/15

**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	16.06.14		

## **Report History**

<b>Decision type:</b> For information	<b>Urgency item?</b> No			
Authorised by Cabinet member:	Date drafted: 16.06.14	report date: 17.06.15	Report deadline:	Date report sent:
Report no.:	Report author and contact for queries: Tim Sylvester, Strategic Finance Partner - Corporate, ext: 6987			