



cutting through complexity™

Annual Audit Letter 2014/15

London Borough of Ealing

October 2015

The contacts at KPMG in connection with this report are:

Neil Thomas

Partner

KPMG LLP (UK)

Tel: 020 7311 1379

neil.thomas@kpmg.co.uk

Steve Lucas

Senior Manager

KPMG LLP (UK)

Tel: 020 7311 2184

stephen.lucas@kpmg.co.uk

Robert Paduraru

Assistant Manager

KPMG LLP (UK)

Tel: 07920 190498

robert.paduraru@kpmg.co.uk

Report sections

- Headlines

Appendices

1. Summary of reports issued
2. Audit fees

Page

2

3

4

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 issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Thomas, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.



Section one Headlines

This report summarises the key findings from our 2014/15 audit of the London Borough of Ealing (the Authority).

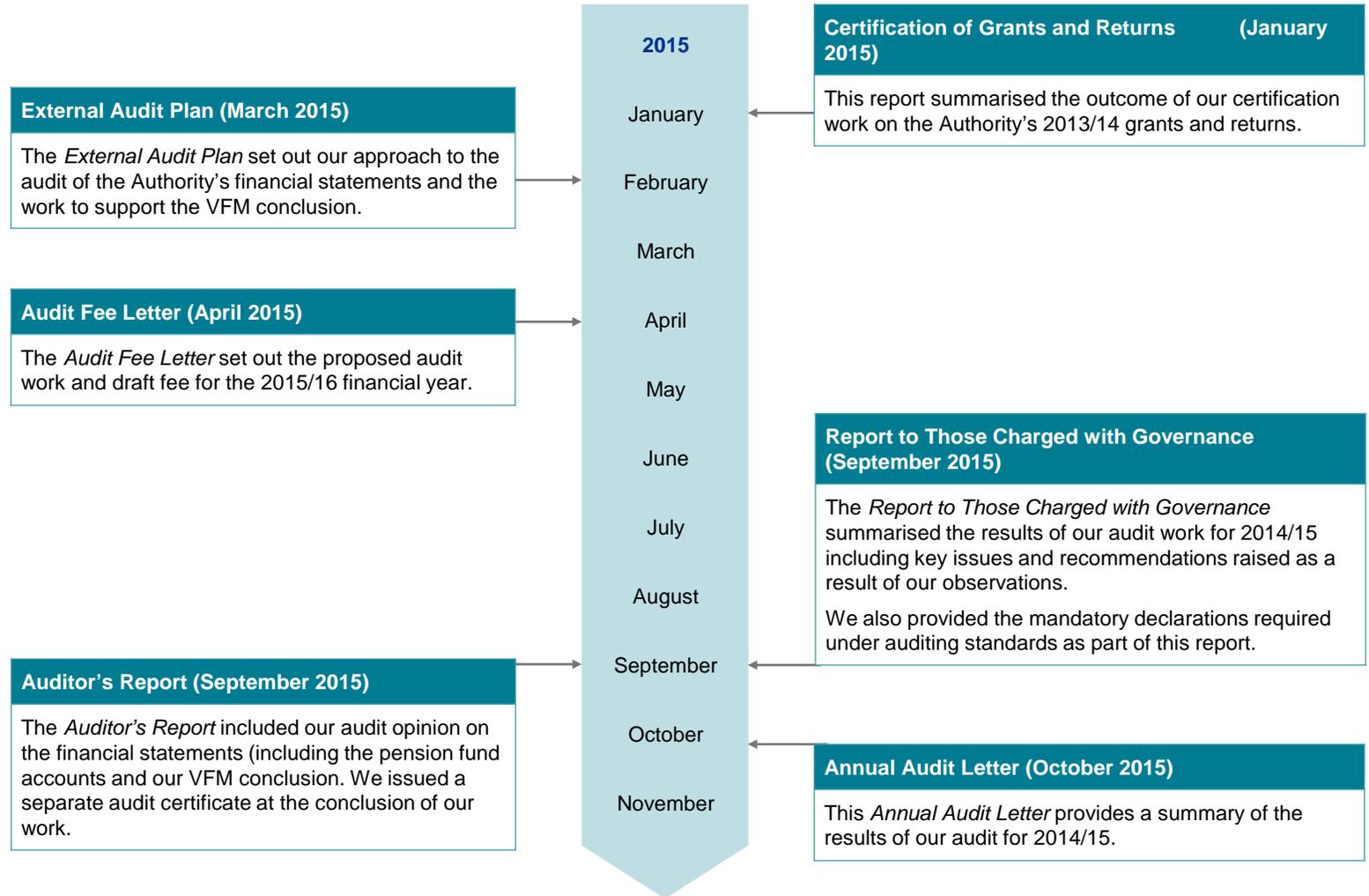
Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.

VFM conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 18 September 2015. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness. To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes as well as the arrangements for prioritising resources and improving efficiency and productivity. This included the processes followed to set and approve the medium term financial plan for 2015/16 to 2018/19 and the successful delivery of the 2014/15 budget.
Audit opinion	We issued an unqualified opinion on your financial statements on 18 September 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2015 and of its expenditure and income for the year then ended. The financial statements also include those of the pension fund.
Financial statements audit	<p>The Authority decided to work to an accelerated closedown timetable this year and a draft set of financial statements was made available for audit on 9 June 2015, three weeks ahead of the deadline. The Authority's aim to reduce the time taken to produce the accounts in advance of the change to 31 May in 2017/18 is positive. Our audit identified three significant audit adjustments. The effect of these adjustments did not have any impact on the net income and expenditure for the year but decreased the net worth of the Authority as at 31 March 2015 by £17.2 million. These adjustments related to:</p> <ul style="list-style-type: none"> ▪ Property Plant and Equipment being overstated by £17.2 million due to Action Town swimming baths being included in both other land and buildings and Assets Under Construction; ▪ Reallocation of balances with the Department of Communities and Local Government and Greater London Authority totalling £9.9 million between debtors, creditors and provisions; and ▪ Gross income and expenditure for central services to the public were both overstated by £65.8 million as a result of a recharge being incorrectly posted as a credit to income rather than a debit.
AGS	We reviewed your <i>Annual Governance Statement (AGS)</i> and concluded that it was consistent with our understanding.
Pension fund audit	There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report. In addition we issued our opinion on the Pension Fund Annual Report stating it was consistent with the financial statements.
WGA	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts (WGA) by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
Certificate	We issued our audit certificate on 28 September 2015 following the completion of our work on the Whole of Government Accounts. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our fee for 2014/15 for the Authority's accounts was £223,094 excluding VAT and for the Pension Fund £21,000 excluding VAT. This compared to the planned fee of £222,110 as we completed additional work as requested by the authority relating to a flexible retirement proposal.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



This appendix provides information on our final fees for the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit of the Authority was £223,094 (2013/14: £223,574). This compares to a planned fee reported to the Audit Committee in March 2015 of £222,110. The variance of £984 related to additional audit work requested by the Authority relating to a flexible retirement proposal.

Our final fee for the 2014/15 audit of the Pension Fund was in line with the planned fee of £21,000 (2013/14 £21,000)..

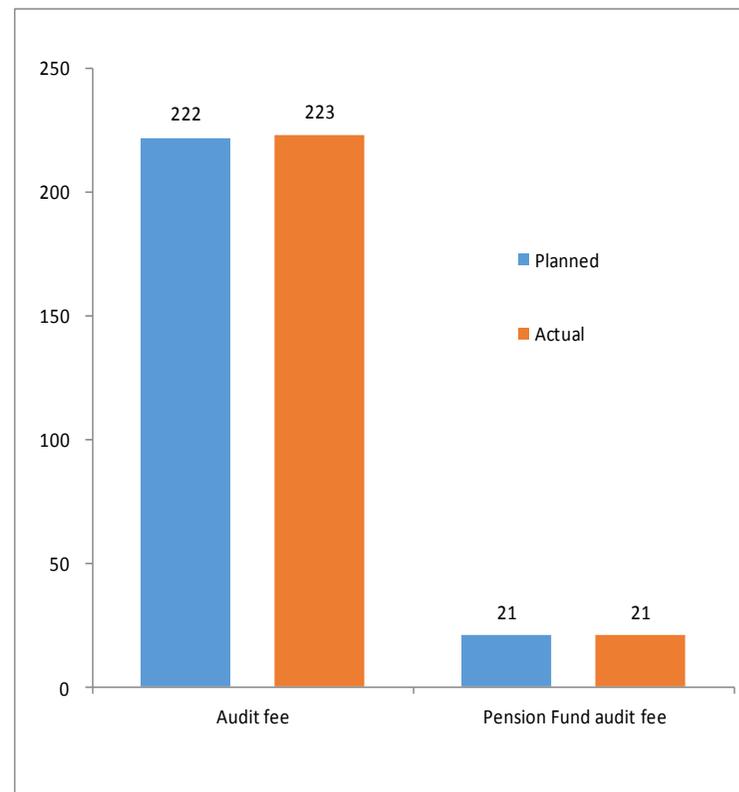
Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in December 2015.

Other services

During the financial year ending 31 March 2015 we charged a fee of £3,000 relating to the certification of a Government Return.

External audit fees 2014/15 (£'000)





cutting through complexity™

© 2015 KPMG LLP, a UK public limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).