

<b>REPORT TITLE</b>	
EXTERNAL AUDIT PLAN FOR THE 2013/14 ACCOUNTS	
<b>REPORT OF</b>	
FINANCIAL ADVISER	
<b>FOR SUBMISSION TO</b>	<b>DATE</b>
AUTHORITY MEETING	26 JUNE 2014
<b>1. SUMMARY OF REPORT</b>	
<p>This report introduces the Audit Plan for 2013/14 which has been prepared by KPMG in its capacity as the Authority's external auditor. The plan sets out the responsibilities of the external auditor and outlines its approach to the forthcoming audit.</p> <p>The external auditor will be in attendance at the meeting to deal with queries.</p>	
<b>2. RECOMMENDATIONS</b>	
<p>The Authority is requested to note this report.</p>	
Signed by the Financial Adviser:	
Agreed by Mike O'Donnell	
Date: 17 <sup>th</sup> June 2014	

### 3. **Introduction and Background**

- 3.1 The purpose of the Audit Plan is to set out the how KPMG LLP, the Authority's external auditor, will deliver the audit of the Authority's financial statements and its approach to Value for Money work for 2013/14.

### 4. **Contents of the Plan**

- 4.1 The Plan for 2013/14 sets out the three stages of the audit process – Planning, Substantive Procedures and Completion. Key to the Authority is the opinion on the accounts (including the Authority's Annual Governance Statement) and the Whole of Government Accounts return. This will be presented to the Authority's September 2014 meeting. Additionally, KPMG will publish two reports to the Authority: the Report to Those Charged with Governance (also referred to as the ISA 260 Report) and the Annual Audit Letter. The ISA 260 Report will include the findings of KPMG's final accounts work and will be presented to the September 2014 meeting of the Authority. The Annual Audit Letter summarises the outcomes and the key issues arising from KPMG's audit work for the year and will be presented to the Authority's December meeting.
- 4.2 For 2013/14 the Value For Money (VFM) work will mainly comprise a review of the Authority's Annual Governance Statement including:
- a. The Authority's progress in addressing the recommendations in the auditor's 2012/13 ISA 260 Report. KPMG raised one key issue in this report and accorded it the lowest priority rating of 3. The recommendation was that the authority should draw up a plan to use a £1m earmarked reserve that it had maintained since 1999. Accordingly, the 2014/15 budget and levy report presented to the Authority in February 2014 included a recommendation to return this reserve to revenue to help fund the 2014/15 budget. The Authority approved this recommendation.
  - b. Following the Authority's decision to not proceed with the procurement process being followed for Waste Services and Fuel Use Contracts, a more extensive review of the procurement process will be required.
- 4.3 The planned audit fee of £18,270 is in line with KPMG's 2013/14 Audit Fee Letter. The fee is based on the assumption that that no additional work will be required. If KPMG have to undertake more work than was envisaged, additional fees will be charged.
- 4.4 The audit opinion is planned to be made by no later than 30 September 2014 and therefore arrangements will be made to report this to the Authority at its September meeting. In accordance with normal practice the external auditor will be invited to attend this meeting and present the audit findings.
- 4.5 The Plan also draws attention to the audit for 2012/13 which has not been closed because of objections raised by the Pinkham Way Alliance. The Audit Commission has given KPMG approval to spend £10,080 dealing with the

objection. The Authority will have to meet the cost of this additional work. It should be noted that although the audit cannot be closed until the objection has been resolved, KPMG has previously reported that there are no unresolved 2012/13 matters that it considered materially affected the audit opinion or Value for Money conclusion.

**5. Comments of the Legal Adviser**

5.1 The Legal Adviser has been consulted and has no comments to add.

**Local Government Act 1972 - Section 100 as amended**

Documents used in the preparation of this report:-

KPMG - 2013/14 Audit Plan and 2013/14 Annual Audit Fee letter.

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