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Annual Audit Letter 2013/14

London Borough of Hammersmith and
Fulham

October 2014



The contacts at KPMG in connection with this report are:

Andrew Sayers

Partner

Tel: +44 [0] 207 694 8981
andrew.sayers@kpmg.co.uk

Sally-Anne Eldridge

Senior Manager

Tel: +44 [0] 207 311 2146
sally-anne.eldridge@kpmg.co.uk

Grant Slessor

Manager

Tel: +44 [0] 207 311 3849
grant.slessor@kpmg.co.uk

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This report is addressed to the Council 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.

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 Andrew Sayers, the 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, 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, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 4448 330.

This report summarises the key findings from our 2013/14 audit of the London Borough of Hammersmith and Fulham (the Council).

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

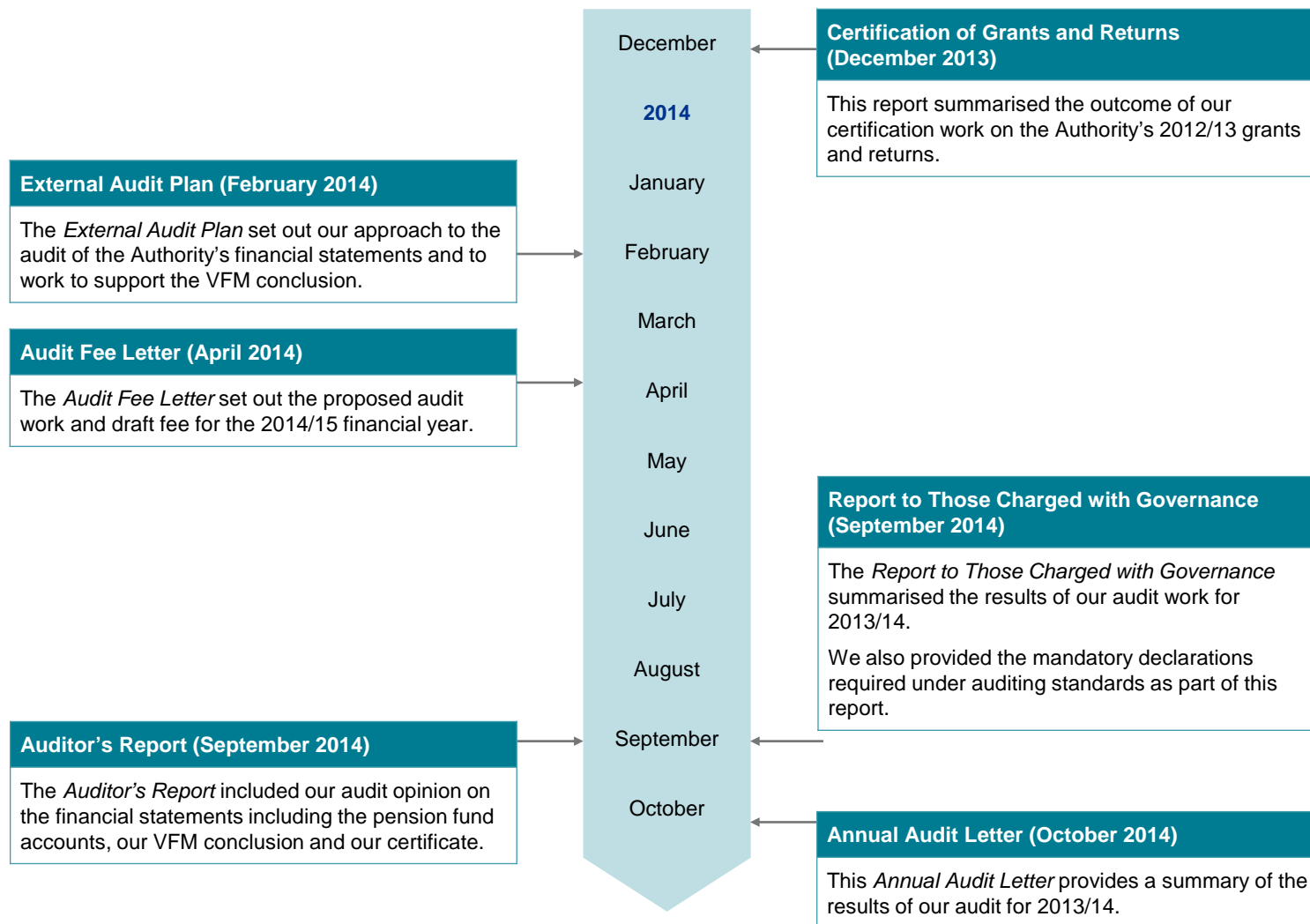
Our audit covers the audit of the Council's 2013/14 financial statements and the 2013/14 VFM conclusion.

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

Audit opinion	We issued an unqualified opinion on your financial statements on 19 September 2014. This means that we believe the financial statements give a true and fair view of the financial position of the Council and of its expenditure and income for the year. The financial statements also include those of the pension fund.
VFM conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 19 September 2014. 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 how you are prioritising resources and improving efficiency and productivity.
Financial statements audit	Our audit identified two audit adjustments with a value of £137.9m. The impact of these adjustments was to increase the net worth of the Authority as at 31 March 2014 by £137.9m. There was no impact on the General Fund. The Council made a small number presentational changes.
Annual Governance Statement	We reviewed your <i>Annual Governance Statement</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.
Whole of Government Accounts	We reviewed the consolidation pack which the Council 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.
High priority recommendations	We raised no high priority recommendations as a result of our 2013/14 audit work. We raised one medium priority recommendation for which implementation has been agreed with management.
Certificate	We issued our certificate on 19 September 2014. The certificate confirms that we have concluded the audit for 2013/14 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 2013/14 was £239,600 excluding VAT. This is in line with the Audit Commission's scale fee for the audit of the Council and Pension Fund financial statements. Further detail is contained in Appendix 2.

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 2013/14.

To ensure openness between KPMG and your Audit, Pensions and Standards Committee about the extent of our fee relationship with you, we have summarised the outturn against the 2013/14 planned audit fee.

External audit

Our final fee for the 2013/14 audit of the Council was £239,600 excluding VAT. This was an increase of £2,600 on the original planned fee because of an increase in the Audit Commission's Scale Fee. The reason for this increase was audit work in respect of information contained in the NNDR return which was previously undertaken as part of grant certification work. The requirement to certify the LA01 NNDR return was removed in 2013/14.

The total fee includes £21,000 in respect of the audit of the Pension Fund accounts.

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 2013/14* which we are due to issue in January 2015.



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