

**Our ref** 20121023 – annual audit letter

23 October 2012

The Members of City of Westminster Council  
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Ladies and gentlemen

## **Annual Audit Letter 2011/12**

I am pleased to submit my Annual Audit Letter, which summarises the results of my 2011/12 audit of the Council, including its Pension Fund.

### **Reporting the results of my audit**

I presented my Annual Governance Reports to the Audit and Performance Committee on 25 September 2012. Those reports set out the findings of my audit of the 2011/12 financial statements of the Council and its Pension Fund. I will not repeat those findings in this letter.

Following the Audit and Performance Committee, I issued:

- unqualified opinions on the 2011/12 financial statements of the Council and its Pension Fund on 28 September 2012;
- an unqualified value for money conclusion stating that the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for 2011/12, which incorporated a report by exception with regard to the pay-by-phone parking services contract, on 28 September 2012; and
- my assurance statement on the Council's 2011/12 Whole of Government Accounts' consolidation pack on 15 October 2012.

I have not, however, certified completion of the 2011/12 audit (see 'challenge update' overleaf).

### **Fees**

The Council's Annual Governance Report set out the fees charged for my work this year, but included an estimate of the fees for the certification of grant claims and the then latest position on fees for challenge work. I now therefore provide an update as set out in table 1 overleaf.

**Table 1 Fees for 2011/12**

	Planned fee 2011/12 (£)	Actual fee 2011/12 (£)
Audit (* and **)	408,375	408,375
Claims and returns (***)	95,000	95,000
Pension Fund (*)	35,000	35,000
Non-audit work	N/A	N/A
Total	538,375	538,375

\* The fees do not reflect the eight per cent rebate that the Audit Commission has paid to reflect internal efficiency savings.

\*\* The fee excludes the additional fees related to my ongoing consideration of matters raised by members of the public. I have undertaken to report these on the determination of the related objections. Three objections have now been decided (see 'challenge update' below). The related fees are £10,750 (2009/10 - novation [internal audit contract]), £5,400 (2009/10 - certification of mobile cameras [parking enforcement contract]) and £10,750 (2010/11 - virement [parking enforcement contract]).

\*\*\* My latest estimate of the likely outturn on the fees for claims and returns remains in line with the plan. My successor, KPMG, will report the final outturn in its *Certification of Claims and Returns – Annual Report* in the new year.

### Challenge update

I have not issued a certificate closing the audits for 2008/09 onwards as I have been considering a number of issues raised by members of the public. I have, in particular, been considering five objections to the Council's accounts:

**Table 2 Objections' summary**

Objection	First year of account	Date of objection	Status
Call centre/ service charges (pay-by-phone parking services contract)	2008/09	9 February 2012	Response received from the Council. Further enquiries in progress, including the consideration of the results of the recent pay-by-phone internal audit review.
Novation (internal audit contract)	2009/10	9 February 2012	Decided on 19 October 2012. I did not uphold the objection. Although the Council

Objection	First year of account	Date of objection	Status
			delayed completing the novation agreement beyond what, in my view, was a reasonable period, I concluded that this matter was not significant enough to warrant formal action on my part.
Certification of mobile cameras (parking enforcement contract)	2009/10	9 February 2012	Decided on 19 October 2012. I did not uphold the objection.
Virement (parking enforcement contract)	2010/11	9 February 2012	Decided on 19 October 2012. I did not uphold the objection.
Approval of expenditure (parking enforcement contract)	2010/11	20 June 2012	Response to the objection received from the Council. Further enquiries in progress.

Arrangements are in place for an efficient handover to KPMG of the two objections that remain to be decided. I have also recently received, and accepted, a number of further objections to the 2008/09, 2009/10, 2010/11 and 2011/12 financial statements. These objections fall to KPMG to consider.

### Closing remarks

I have agreed this letter with the Chief Executive and Chief Operating Officer. I would like to thank officers, and Members of the Audit and Performance Committee, for their cooperation during what has been my, and the Audit Commission's Audit Practice's, last year as the Council's external auditor.

Yours sincerely

Michael Haworth-Maden  
*District Auditor*

cc Mr M More, Chief Executive  
 Ms B Moorhouse, Chief Operating Officer