



City of Westminster

# Audit and Performance Committee Report

<b>Date:</b>	18 July 2024
<b>Classification:</b>	General Release
<b>Title:</b>	External Audit Update
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	Updates relating to the 2023/24 accounts – Audit Plan for Westminster City Council and Westminster City Council Pension Fund
<b>Report of:</b>	Gerald Almeroth, Executive Director of Finance and Resources

## 1. Executive Summary

- 1.1 Grant Thornton UK LLP is presenting the following reports to the Committee:
- Westminster City Council Indicative Audit Plan for 2023/24
  - Westminster City Council draft Pension Fund Audit Plan for 2023/24

## 2. Recommendations

- 2.1 That Audit and Performance Committee approves the 2023/24 audit plans for both Westminster City Council and the Pension Fund.
- 2.2 That Audit and Performance Committee considers the significant risks identified by GT for both Westminster City Council.
- 2.3 That Audit and Performance Committee notes that as the Pension Fund audit plan is draft at this stage. If there are any material changes to the plan this will be presented at the next meeting.

### **3. Background**

- 3.1 Every year, the Council's external auditors, Grant Thornton, present their audit plan for the upcoming financial accounts audit. This audit plan reviews the accounts from 1 April 2023 to 31 March 2024.
- 3.2 The audit plan outlines the scope of the audit, including the group, any significant risks inherent in the audit, materiality, and value for money arrangements.
- 3.3 The audit plan includes the audit risk assessments for both sets of accounts. The purpose of these report is to contribute towards the effective two-way communication between Westminster City Council (WCC) external auditors and WCC Audit and Performance Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where the auditors are required to make inquiries of the Audit and Performance Committee under auditing standards.
- 3.4 Grant Thornton has deemed the following areas as high risk:
  - i. Management override of controls, including risk of fraud
  - ii. Valuation of operational land and building including Council dwellings
  - iii. Valuation of investment properties
  - iv. Valuation of pension fund net liability
  - v. Valuation of Collection Fund appeals provision
- 3.5 Management override of controls is a recurring risk in audits that is tested as outlined in the Audit Plan.
- 3.6 Items 2-5 in paragraph 3.4 are regarded as high risk as Westminster holds high balances in these items. The Council's expectation is that Grant Thornton "front-loads" these risks early in the audit timetable to allow sufficient time to review with their technical teams.

### **4. Financial Implications:**

- 4.1 Public Sector Audit Appointments Ltd (PSAA) sets the fee scale annually and publishes the scale fee for each individual audited body. The PSAA contract appoints auditors for a 5 year period. This contract was retendered for 2023/24 and Grant Thornton has been appointed again as the Council's auditors up to 2027/28.
- 4.2 Although scale fees are set annual, if the auditor subsequently considers that additional work is required that is not provided for in the scale fee for an individual body, a fee variation proposal can be submitted to PSAA.

4.2. This is set out in the statutory framework for audit fees and variations, in the Local Audit (Appointing Person) Regulations 2015 ('the Regulations'). Regulation 17(2) provides for the auditor to propose to PSAA (as the Appointing Person) that fees should be varied where the work involved in a particular audit was substantially more or less than envisaged by the appropriate scale.

4.3. The scale fees for 2023/24 accounts are:

- Westminster City Council           £480,048
- Pension Fund                           £94,414

**Legal Implications:**

4.4. None.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

Rikin Tailor, rtailor@westminster.gov.uk

**BACKGROUND PAPERS:**

- Appendix 1: Westminster City Council Indicative Audit Plan, year ending 31<sup>st</sup> March 2024
- Appendix 2: City of Westminster Pension Fund draft Audit Plan, year ending 31<sup>st</sup> March 2024