



City of Westminster

Audit and Performance Committee Report

Date:	24 July 2023
Classification:	General Release
Title:	External Audit Update
Wards Affected:	All
Financial Summary:	Updates relating to the 2022/23 accounts – Audit Plan and Risk Assessments
Report of:	Gerald Almeroth, Executive Director of Finance and Resources

1. Executive Summary

- 1.1 Grant Thornton UK LLP is presenting a series of reports to the Committee. These reports are:
 - Audit Plan for Westminster City Council 2022/23
 - Informing the audit risk assessments for Westminster City Council 2022/23.
- 1.2 Grant Thornton is still reviewing and completing its Pension Fund audit plan and risk assessment. The Council's expectation is that the pension fund audit will be complete by October 2023.

2. Recommendations

- 2.1 That Audit and Performance Committee approves the 2022/23 audit plans for both Westminster City Council.
- 2.2 That Audit and Performance Committee considers the audit risk assessments for both Westminster City Council.
- 2.3 That Audit and Performance Committee notes that Grant Thornton will present the Pension Fund audit plan and risk assessment at the next Committee date.

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 2022 to 31 March 2023.
- 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 Alongside the audit plan sits 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:
 1. Management override of controls
 2. Valuation of operational land and building including Council dwellings
 3. Valuation of investment properties
 4. Valuation of pension fund net liability
 5. 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. Implications

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. 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 2022/23 accounts are:

- Westminster City Council £231,067
- Pension Fund £TBC

Legal Implications:

4.4. None.

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

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BACKGROUND PAPERS:

- Appendix 1: Audit Plan for Westminster City Council 2022/23
- Appendix 2: Informing the audit risk assessment for Westminster City Council 2022/23