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Annual Audit Letter 2014/15

Wiltshire Council

October 2015



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This report is addressed to the Authority 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 issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Darren Gilbert, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This report summarises the key findings from our 2014/15 audit of Wiltshire Council (the Authority).

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

Our audit covers Authority's 2014/15 financial statements and the VFM conclusion for that year.

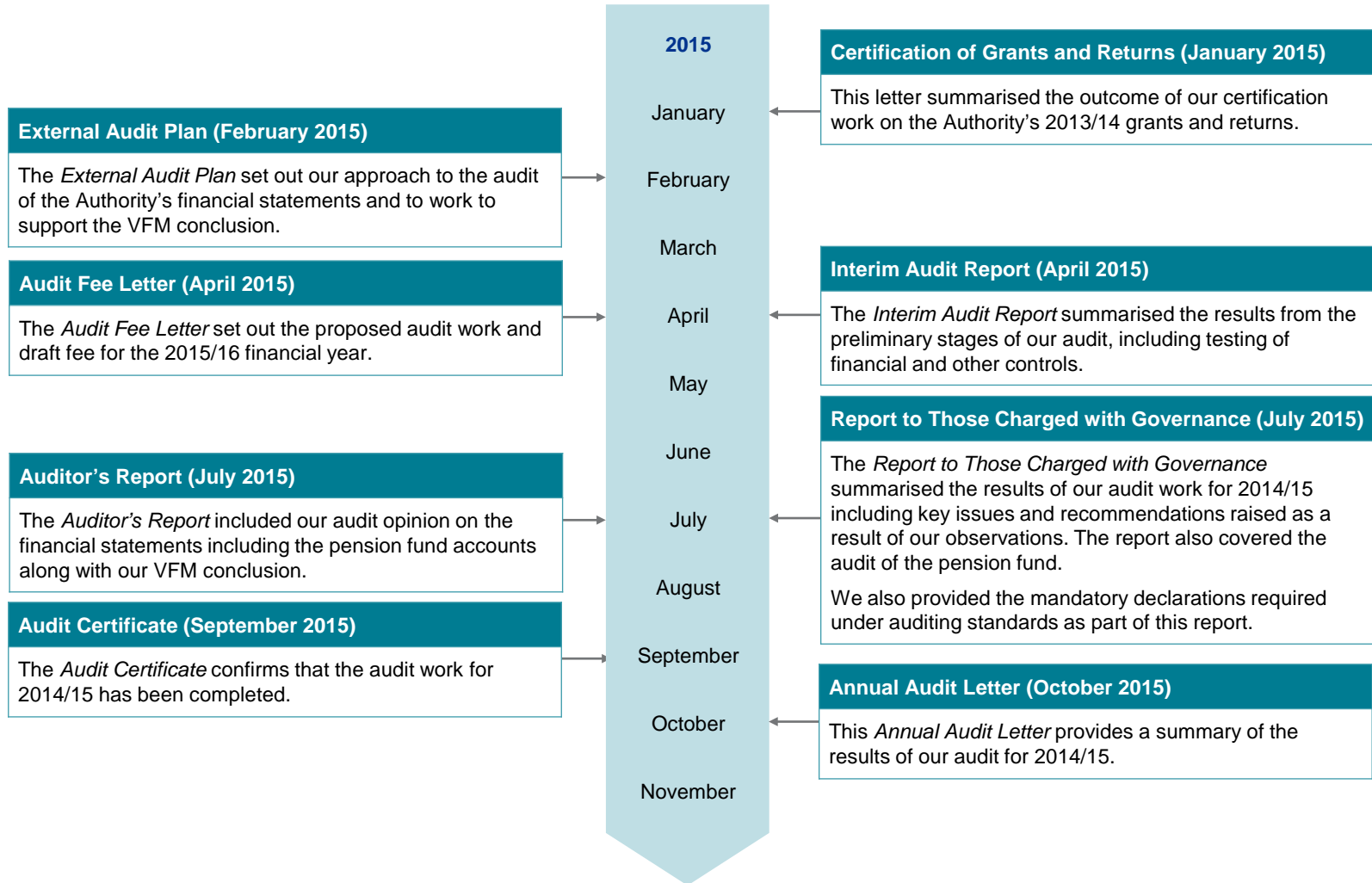
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| <p>VFM conclusion</p> | <p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 29 July 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p> |
| <p>VFM risk areas</p> | <p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> ■ Achievement of Savings Plan; and ■ Estates Strategy. <p>In relation to each of these, we confirmed that the Authority had appropriate processes and controls in place to secure value for money.</p> |
| <p>Audit opinion</p> | <p>We issued an unqualified opinion on the Authority's financial statements on 29 July 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.</p> |
| <p>Financial statements audit</p> | <p>Our audit identified a total of four audit adjustments with a total gross value of £15.088 million for the 2014/15 financial statements. The impact of these adjustments was to:</p> <ul style="list-style-type: none"> ■ Increase the deficit on provision of services for the 2014/15 year by £5.787 million; and ■ Decrease the net worth of the Authority as at 31 March 2015 by £5.787 million. <p>Our audit adjustments included one prior period adjustment necessitated by the change in accounting policy by following the new guidance in LAAP Bulletin 101 on the recognition of school assets. The impact of this adjustment was to:</p> <ul style="list-style-type: none"> ■ Increase the net worth of the Authority as at 1 April 2013 and 31 March 2014 by £47.785 million and £46.739 million respectively; and ■ Increase the deficit on provision of services for the 2013/14 year by £1.045 million. <p>There was no impact on the General Fund balances as a result of any the adjustments identified.</p> <p>The Authority's financial statements were appropriately adjusted to address the above matters.</p> |

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

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| 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 and we issued an unqualified opinion on the pension fund financial statements as part of our audit report. |
| Whole of Government Accounts | We reviewed the consolidation pack which the Authority 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 2014/15 audit work. |
| Certificate | We issued our certificate on 29 September 2015. The certificate confirms that we have concluded the audit for 2014/15 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 2014/15 was £224,183, excluding VAT. This was £2,027 higher than the planned fee. Further details are provided 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 the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit was £224,183. This compares to a planned fee of £222,156. The reasons for this variance is additional work required in relation to

- non-domestic rates accounting entries as a result of the cessation of the auditor certification of the NNDR3 return which previously provided evidence of use to the financial statement audit. The value of this work was £1,070; and
- matters brought to our attention by way of whistleblowing procedures. The proposed value of this additional work was £957. These fees are still subject to final determination by Public Sector Audit Appointments.

Our final fee for the 2014/15 audit of the Pension Fund was £26,160 compared with the planned fee of £24,246. The increase resulted from additional work required on behalf of other admitted authorities.

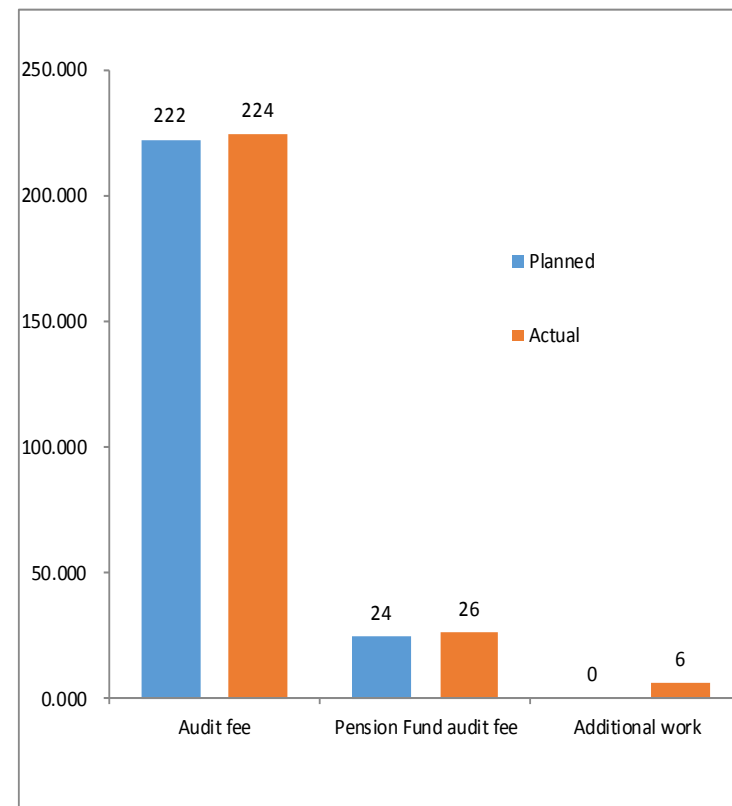
Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2016.

Other services

We charged £6,000 for additional audit-related services for the certification of the Teachers' Pensions Return and the Pooling of Housing Capital Receipts Return.

External audit fees 2014/15 (£'000)





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