



PUBLIC SECTOR

## Wiltshire Council

Progress report to the  
Audit Committee  
December 2010

AUDIT

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## Contents

## Page

- Completion of 2009/10 audit 2
- Update to the 2010/11 audit plan 3

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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 Chris Wilson, who is the engagement partner to the Council, telephone 0118 964 2238 email [christopher.wilson@kpmg.co.uk](mailto:christopher.wilson@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, email [trevor.rees@kpmg.co.uk](mailto: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 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 Investigation Officer, Audit Commission, Nicholson House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SU or by e mail to: [complaints@audit-commission.gov.uk](mailto:complaints@audit-commission.gov.uk). Their telephone number is 044 798 3131, textphone (minicom) 020 7630 0421.

# Audit progress report

## Completion of the 2009/10 audit

Our audit for the 2009/10 financial year was substantially complete by the Audit Committee meeting at the end of September 2010, but there were still a small number of areas that remained on-going. The table below provides an updated position on these areas along with any remaining next steps.

**Table 1 – Summary of audit progress since last meeting**

Audit area	Commentary	Next steps
<b>Financial statements</b>		
Accounts audit <ul style="list-style-type: none"> <li>• Planning</li> <li>• Interim audit</li> <li>• Final accounts</li> </ul>	<p>Our accounts audit was completed in September and when we reported our detailed findings to the Audit Committee.</p> <p>We issued an unqualified opinion on the Council's 2009/10 financial statements on 30 September 2010.</p>	Complete
<b>Use of resources</b>		
Value for Money (VFM) conclusion	We reported the results of our VFM conclusion audit to the September Audit Committee meeting. Following this, we issued an unqualified VFM conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources. This was included in the audit report on the accounts, issued on 30 September.	Complete
<b>Project work</b>		
SAP Data Migration	We reported the outcome of this work to the September Audit Committee.	Complete
Benefit realisation	We undertook the fieldwork for this review over the autumn and discussed our emerging findings on an informal basis with officers in November.	Draft and agree a formal audit report with officers and then present to the Audit Committee.
SAP post-implementation review	The Council commissioned KPMG to undertake an independent review into the implementation of the new SAP system, to help identify learning points for future system changes rationalisations. This work took place over the summer. Our report on this review has been agreed with officers.	Present report to the Audit Committee in December 2010.
<b>Certification of grants &amp; returns</b>		
Grants & returns	<p>Our certification work on a range of grants and returns took place over the summer and autumn. Each scheme has its own deadline for certification and we have met these deadlines as the year has progressed.</p> <p>There are no significant issues to report regarding this work. By far the largest area of audit work – and grant funding for the Council – is the housing benefit subsidy claim, and this audit has gone smoothly with the grant claim being certified by the 30 November deadline.</p>	We will prepare a separate report summarising the outcome of our certification work for each claim and return.

## Update to the 2010/11 audit plan

### **VFM audit**

In April 2010 we agreed with the Council our high level audit plan for the 2010/11 audit year. This letter-style document was presented to the Audit Committee in June 2010, setting out in broad terms the programme of audit work we proposed undertaking in the coming year, including reference to two specific audit projects which would consider:

- the Council's arrangements for setting fees and charges; and
- how effectively the Council manages its relationships with external partners, with a particular emphasis on the Primary Care Trust as a key partner.

Much has changed in the six months or so since this plan was agreed, not least of which has been the crystallisation of the required financial savings following the recent Comprehensive Spending Review and also the announcement by the coalition government that it will re-structure the NHS in 2013 and abolish PCTs. These significant changes have had an impact on the risk profile of local authorities, meaning that it is sensible to revisit whether the original plans for the two audit projects remain appropriate and to ensure that audit effort is concentrated on the areas of greatest risk.

The view from the Council's senior management is that the pace of change seen recently is unlikely to reduce in the coming months, making it difficult at this stage to identify which specific topics may require more detailed analysis through an audit project.

Furthermore, the Audit Commission is revising its approach for audit work to support the VFM conclusion, following the cessation of the previous use of resources scored judgements regime earlier this year. The new approach will be more risk-based whereby auditors undertake core audit work to consider an organisation's arrangements for securing VFM against defined criteria, but then on the back of this assessment also consider whether there is a need to undertake further more detailed work on areas of identified audit risk. The Audit Commission is developing a series of audit tools that can be used for any such reviews.

In light of the above factors, we have agreed with officers that we will not proceed with the two audit projects originally conceived in the 2010/11 high level audit plan. We will instead undertake the initial 'core' VFM audit work and discuss with the Council any areas that this work identifies as meriting more detailed examination using the Audit Commission's audit tools. This is likely to result in a number of areas being examined at a higher level than originally planned with the two detailed projects, although we cannot determine what these areas will be at this stage.

The Audit Committee should therefore note this as an amendment to our original audit plan. We will provide further information on the areas of focus for this work as the audit year progresses.

### **Accounts audit**

We will be undertaking our detailed audit planning in the new year for the 2010/11 accounts audit. To aid the Audit Committee's understanding of this work, we will again prepare a Financial Statements Audit Plan to summarise the approach we will follow and highlight the key risk areas we will consider. We will present this plan to the March 2011 Audit Committee meeting.