

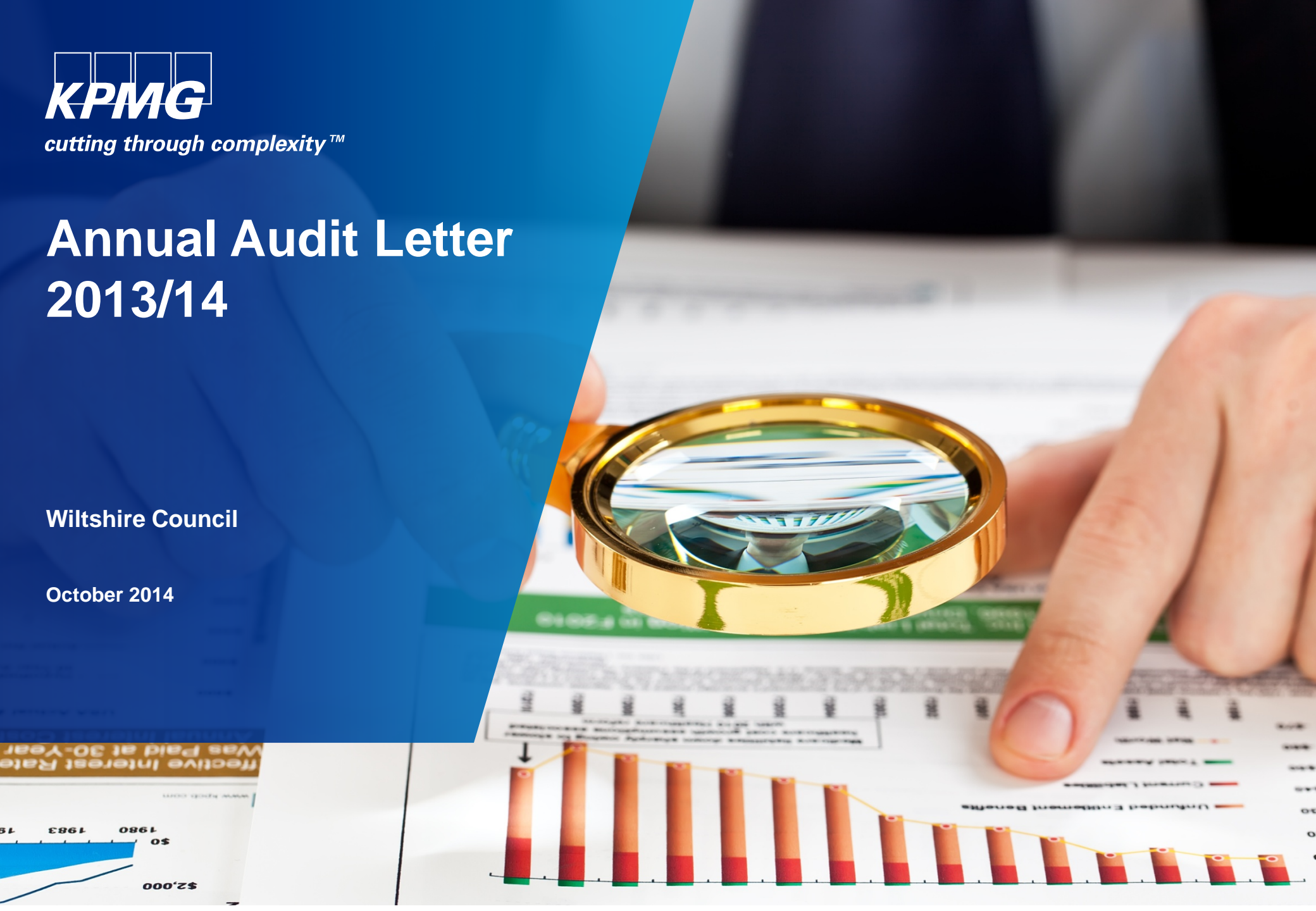


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Annual Audit Letter 2013/14

Wiltshire Council

October 2014



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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 has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.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.

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 appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to 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 are 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 Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.

This report summarises the key findings from our 2013/14 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 the audit of the Authority's 2013/14 financial statements, the 2013/14 VFM conclusion, and the Pension Fund's 2013/14 financial statements.

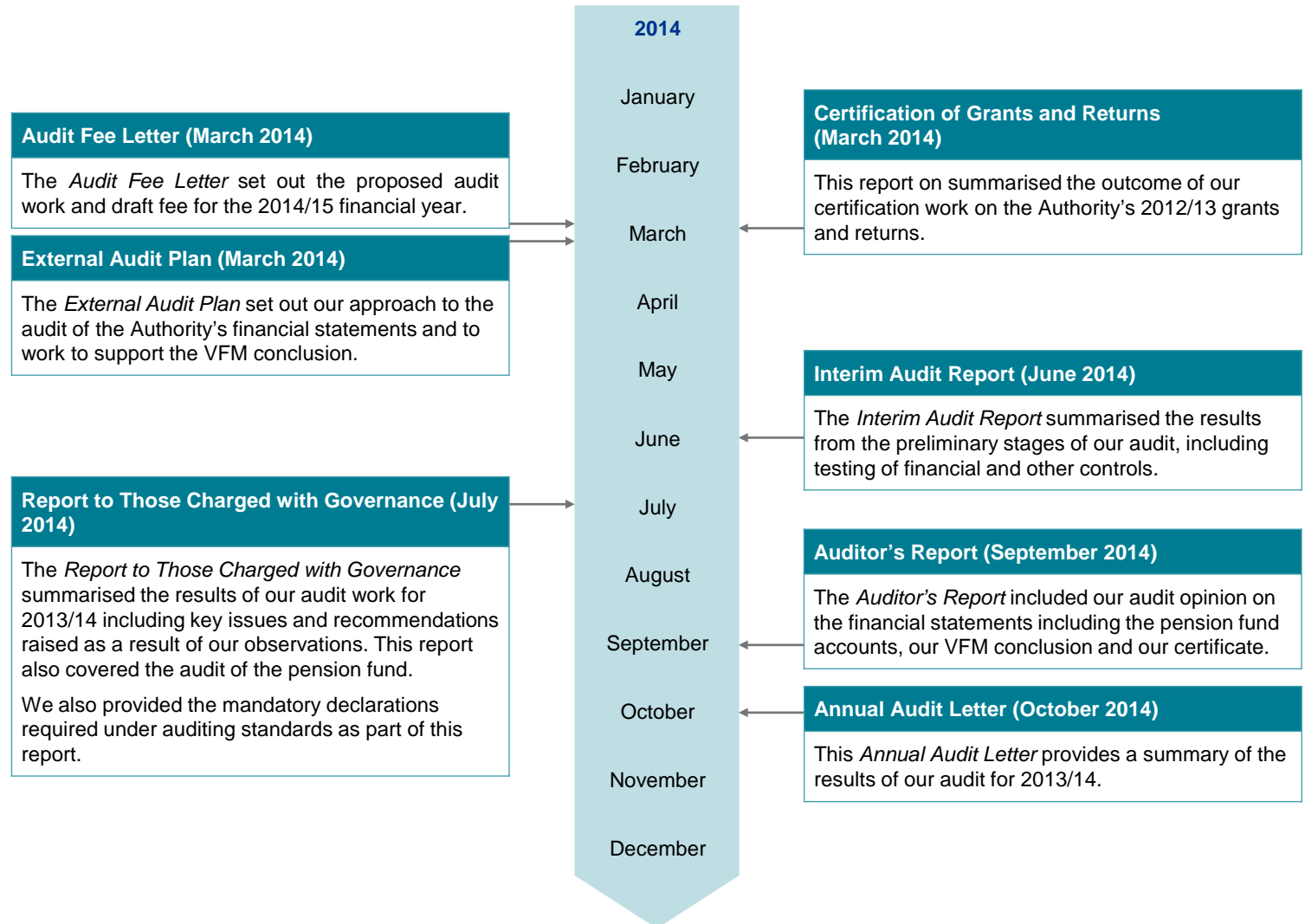
VFM conclusion	<p>We issued an unqualified value for money (VFM) conclusion for 2013/14 on 8 September 2014.</p> <p>This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>We identified two significant risks to our VFM conclusion and considered the arrangements you have put in place to mitigate these.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> ■ Savings Plans - Despite challenging savings targets for the year, the Authority's final outturn position was an under spend against budget of £0.397 million. The Authority has continued to develop savings plans which require savings from all service areas, and has identified additional savings plans in order to compensate for budget pressures arising in year. We have reviewed the Council's approach to monitoring progress against the budget and Savings Plan to support the financial resilience criterion of our VFM opinion, with no issues being identified; and ■ Asset Valuations - As part of the Authority's four year rolling revaluation exercise, a number of asset classes were revalued during the year. This has led to a number of significant impairment charges, particularly for some school assets. Whilst there is no impact on the General Fund, such large movements within the year are notable. We have considered how the Council has assured itself that the overall renovation project represented value for money through the benefits obtained as a result of its completion. In addition, through the move to four main hubs the Authority is expected to generate total capital receipts of £26.1 million as well as annual maintenance and lease payment savings of £6.6 million once completed.
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 8 September 2014. 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>
Financial statements audit	<p>Our audit identified two audit adjustment with a total gross value of £3.6 million. These amendments related to the netting off of bank overdrafts against cash balances (£1.3 million) and the correction of disclosures relating to past service pension costs (£2.3 million). The correction of these issues had no impact upon either the deficit on provision of services for the year; or the net worth of the Authority as at 31 March 2014</p> <p>The Authority has, as in prior years, evidenced a strong financial reporting process and produced draft financial statements of high quality. Officers dealt with audit queries in an efficient manner which assisted in ensuring that the audit process was completed within the planned timescales.</p>

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 2.

Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding. We made a number of comments to Officers on the content around the Governance Issues disclosed within the document and requested that additional information was included in order to help the reader understand the background of the issues.
Pension fund audit	There were no significant issues arising from our audit of the pension fund.
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 2013/14 audit work. As a result of the audit of the financial statements we raised one medium priority recommendation in our <i>ISA 260 Report 2013/14</i> in relation to the assurance gained in relation to the value of those assets not subject to formal revaluation during the year.
Certificate	We issued our certificate on 8 September 2014. The certificate confirms that we have concluded the audit for 2013/14 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 2013/14 was £223,226, excluding VAT. This was £1,070 higher than the planned fee of £222,156. Further detail is contained 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 2013/14.

To ensure openness between KPMG and your Audit Committee about the extent of our fee relationship with you, we have summarised the outturn against the 2013/14 planned audit fee.

External audit

Our final fee for the 2013/14 audit of the Authority was £223,226. This is an overall reduction of 12 percent on the comparative total fee for 2012/13 of £254,250. This reflects the non-recurrent additional work that was required in relation to the 2012/13 audit.

The final fee was £1,070 higher than the planned fee of £222,156. This reflects the additional work required in relation to the Collection Fund 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.

Our fees in relation to the additional work outlined above are still subject to final determination by the Audit Commission.

Our final fee for the 2013/14 audit of the Pension Fund was in line with the planned fee of £24,246.

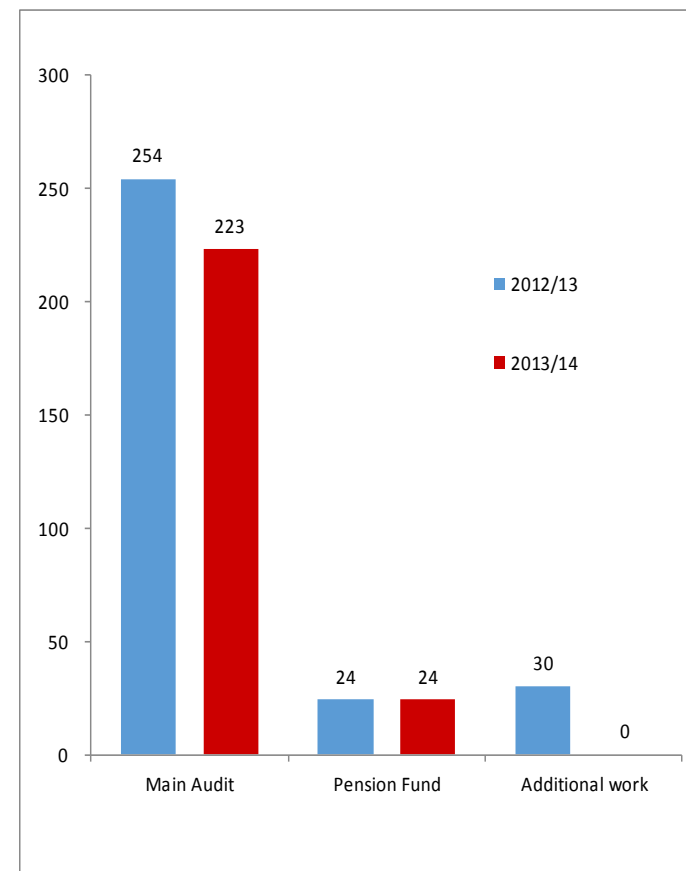
Certification of grants and returns

Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2013/14* which we are due to issue in January 2015.

Other services

We did not undertake any non-audit work for the Authority this year.

External audit fees 2013/14 (£'000)





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