

## **STATEMENT OF AUDITING STANDARDS – SAS610**

### **Purpose of the Report**

1. The purpose of this report is to provide the external auditor the opportunity to report to “those [Members] charged with governance” under Section 610 of the Statement of Auditing Standards.

### **Background**

2. Following accounting scandals at companies such as World.Com and Enron, auditors across the world have reviewed auditing standards. Of particular relevance for the County Council is the Statement of Auditing Standard 610 - Communications of Audit Matters.
3. In summary, requirements under SAS 610 mean that the Auditors will report to the body charged with corporate governance. The report gives the auditor the opportunity to report certain matters before giving an opinion on the Accounts. The draft opinion is attached to the Auditor’s SAS610 report as an appendix.

### **Main Considerations for the Committee**

4. The Auditor notes some areas of outstanding work on page 2 of the report, and at the time of writing his report the accounts had not been finalised. Amendments to the accounts have been required regarding FRS17 pension liabilities and these have now been incorporated in the statements, although their impact is arguably minimal. The Statement of Internal Control, SIC, has been finalised and is being published within the Statement of Accounts.
5. Matters to be reported are identified on page 3 of the report. However, there are no issues to be reported other than under “other matters”. The Auditor has made statements in this section, upon which I would like to comment.
6. I would not wish Members to be concerned about the quality of the actuary’s figures when reading audit comments that pensions liabilities are “subject to inherent uncertainties”. The assumptions used by the actuary are agreed with me, and estimates are calculated applying the highest professional standards. In looking at the future, assumptions have to be made, amongst other things, about costs, investment returns and life expectancy. Changing these assumptions would lead to different estimates of pension liabilities.

7. I am satisfied that these assumptions are appropriate and that the liabilities are consistent with them and this was endorsed by the Wiltshire Pension Fund Committee in considering the detailed report of actuary on 19 October.
8. The Auditor also comments that amendments to data for FRS17 estimates were made but these resulted from internal quality assurance processes already in place within my department.
9. Finally the Auditor reflects on requirements to identify holding of stock market assets. The reports to which he refers are not commissioned by the County Council, nor are we the primary recipient, although he places some reliance upon these. The reports have been received earlier than expected in respect of 2003-04. While we will endeavour to have them available earlier in future years, this cannot be guaranteed.
10. The final SIC has been provided to the Auditor, and meets statutory requirements.

### **Risk Assessment**

11. In the unlikely event that the Final Accounts Committee is not able to respond satisfactorily to the concerns of the External Auditor he may bring this to the attention of the Audit Commission and the Government.

### **Financial Implications**

12. There are no specific implications arising from this Auditing Standard.

### **Reasons for Proposals**

13. The proposals in the report arise from the statutory requirements of the Accounts and Audit Regulations 2003, and the Standards to which the Audit Commission now operate.

### **Recommendation**

14. To note the Auditor's comments.

MIKE PRINCE  
County Treasurer

Report Author: Iain Winterbottom

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Unpublished documents relied upon in the production of this report: NONE