



# Annual Audit Letter 2015/16

**Wiltshire Council**

—

18 October 2016



# Contents

The contacts at KPMG in connection with this report are:

**Darren Gilbert**  
Director  
KPMG LLP (UK)

Tel: +44 (0)292 046 8205  
darren.gilbert@kpmg.co.uk

**Adam Bunting**  
Manager  
KPMG LLP (UK)

Tel: +44 (0)117 905 4470  
adam.bunting@kpmg.co.uk

## Page

### Report sections

— Headlines 2

### Appendices

1. Summary of reports issues 4
2. Audit fees 5

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. Public Sector Audit Appointments 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.psaa.co.uk](http://www.psaa.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, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto: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 Annual Audit Letter summarises the outcome from our audit work at Wiltshire Council in relation to their 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

We issued an unqualified conclusion in relation to the Authority's value for money arrangements and an unqualified opinion on the financial statements.

<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 27 July 2016. This means we are satisfied that during the year that Authority had proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.</p> <p>To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>
<b>VFM risk areas</b>	<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"> <li>— The Authority is facing significant savings requirements as a result of the ongoing reductions in central government funding. In the face of these, the Authority has delivered underspend against budget. We are satisfied that adequate arrangements are in place to identify savings plans and monitor performance against these throughout the year. However, like most bodies in the sector, the Authority will continue to face significant financial challenges in the future. It will therefore be vital that the Council maintains a strong focus on these challenges and takes the difficult decisions that will be necessary to address them; and</li> <li>— The implementation of the Better Care Fund necessitated a strong partnership relationship with Wiltshire Clinical Commissioning Group ("the CCG"). Despite some initial challenges, the Authority has worked with the CCG in order to establish a formal governance structure and budget monitoring processes relating specifically to the Better Care Fund. Whilst we noted only limited financial forecasts were provided by the CCG, we are satisfied that the Authority and CCG have plans in place to address this going forward and implement stronger financial planning and monitoring processes.</li> </ul>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on the Authority's financial statements on 27 July 2016. 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>
<b>Financial statements audit</b>	<p>Two significant adjusted audit differences were identified as part of the audit and corrected in the final set of published accounts. The impact of these adjustments is to:</p> <ul style="list-style-type: none"> <li>— Decrease the deficit on provision of services for the 2015/16 year by £0.722 million; and</li> <li>— Increase the net worth of the Authority as at 31 March 2015 by £4.069 million</li> </ul> <p>No unadjusted audit differences and no other significant matters were identified which we were required to report to 'those charged with governance'.</p> <p>We noted consistency in the high quality of the draft financial statements and supporting working papers. As in prior years, officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales. We also note that the accounts were published in July 2016 ahead of the September deadline.</p>

## Section one

# Headlines (cont)

No significant issues arose from our audit of the pension fund.

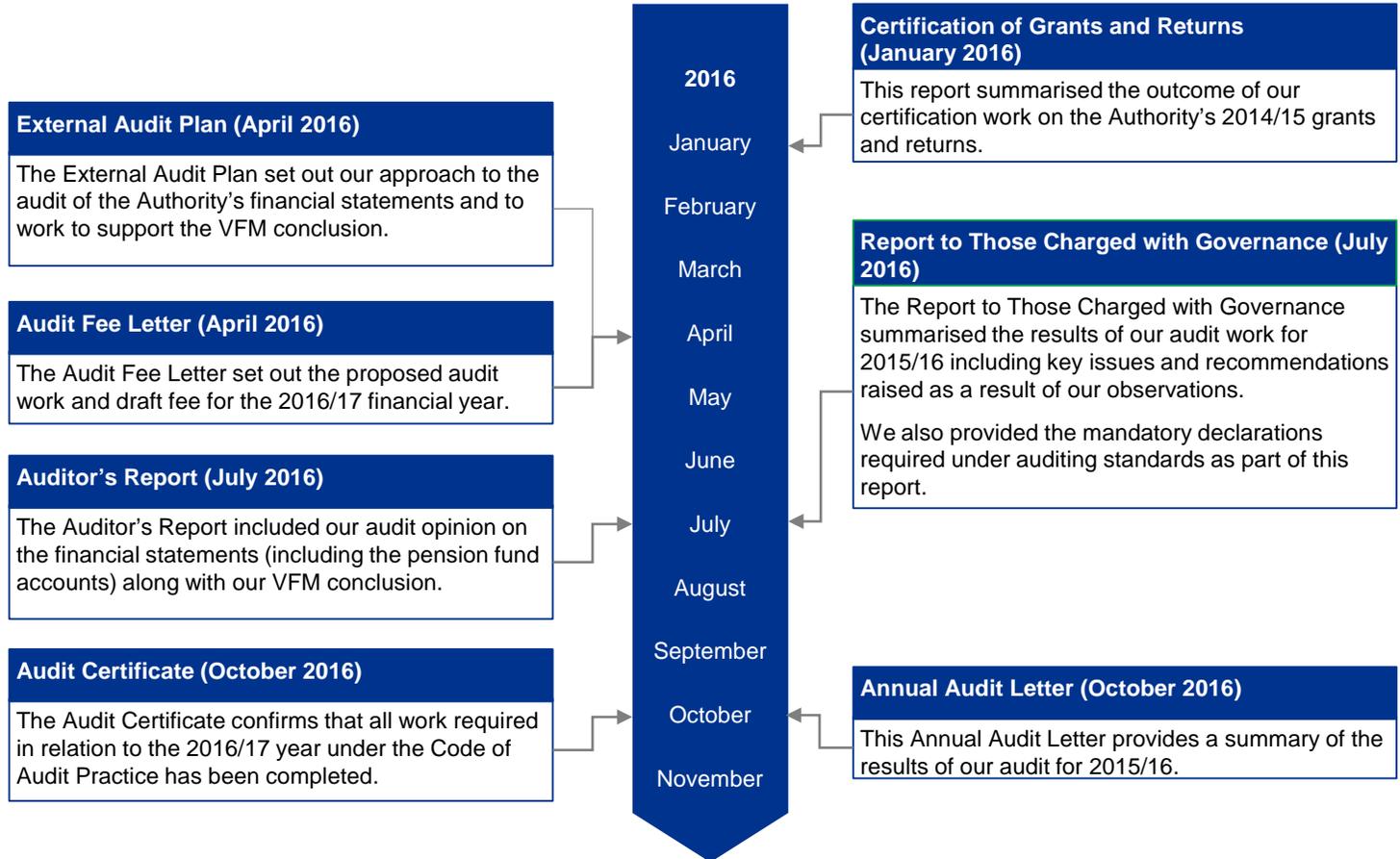
We reported that the Authority's Whole of Government Accounts pack was consistent with the financial statements.

<b>Other information accompanying the financial statements</b>	<p>We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.</p> <p>We also reviewed your Narrative Statement and concluded that it was consistent with the financial statements and our understanding of the Council's performance during the year.</p>
<b>Pension fund audit</b>	<p>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.</p>
<b>Whole of Government Accounts</b>	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. Following a limited number of minor amendments, We anticipate that we will report that the Authority's pack was consistent with the audited financial statements by 21 October 2016.</p>
<b>Certificate</b>	<p>We anticipate that we will issue our certificate by 21 October 2016. The certificate will confirm that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit &amp; Accountability Act 2014 and the Code of Audit Practice.</p>
<b>Audit fee</b>	<p>Our fee for 2015/16 was £168,559, excluding VAT which is greater than the planned fee of £167,420 as a result of work required in relation to elector questions. Further detail is contained in Appendix 2.</p>

# Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can all be accessed via the Audit Committee pages on the Authority's website at [www.wiltshire.gov.uk](http://www.wiltshire.gov.uk).



# Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

### External audit

Our final fee for the 2015/16 audit Wiltshire Council was £168,559. This compares to a planned fee of £167,420. The reasons for this variance was the work required in relation to questions raised by an elector.

Our final fee for the 2015/16 audit of the Pension Fund £25,678 compared to a planned fee of £24,246. The increase was a result of work undertaken at the request of the admitted bodies' auditors which had not been included in our original fee.

### Certification of grants and returns

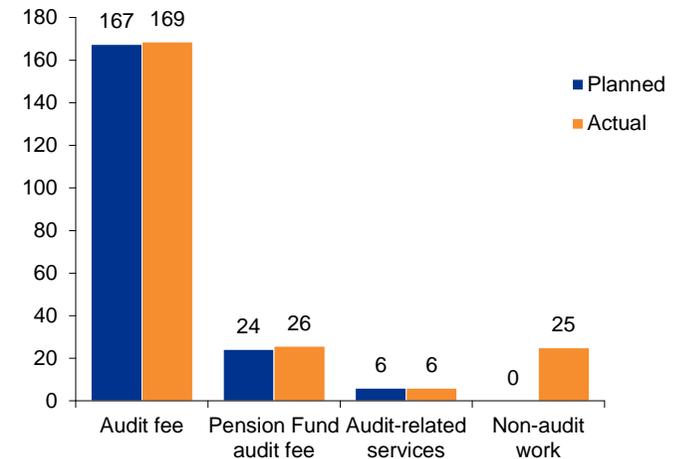
Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2017.

### Other services

We charged £6,000 for additional audit-related services for the certification of the Pooling of Housing Capital Receipts Return and the Teachers' Pensions Agency Return which are outside of Public Sector Audit Appointment's certification regime. Of these, the Pooling of Housing Capital Receipts work has been completed whereas the work on the Teachers' Pension Agency is still ongoing.

We also charged £25,000 for the provision of a review of the Authority's Medium Term Financial Planning processes. This review is still ongoing at the time of righting this report. This work was not related to our responsibilities under the Code of Audit Practice.

External audit fees 2015/16 (£'000)





[kpmg.com/socialmedia](http://kpmg.com/socialmedia)



[kpmg.com/app](http://kpmg.com/app)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

KPMG LLP is multi-disciplinary practice authorised and regulated by the Solicitors Regulation Authority. For full details of our professional regulation please refer to 'Regulatory Information' at [www.kpmg.com/uk](http://www.kpmg.com/uk)

The KPMG name and logo are registered trademarks or trademarks of KPMG International.