

# WILTSHIRE COUNCIL

## AUDIT COMMITTEE

28 SEPTEMBER 2011

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**Subject: KPMG: REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2010/2011**

**Cabinet member: John Brady – Finance, Performance and Risk**

**Key Decision: No**

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### **Purpose of Report**

1. To present KPMG's Report to those charged with governance to the Audit Committee and to invite Members to consider their response. Darren Gilbert, the Senior Manager, Audit, KPMG, will attend the meeting of the Audit Committee to present the report and to respond to any queries.

### **Background**

2. This report has been prepared by the Council's external auditor, KPMG, and it summarises the conclusions and key issues arising from the recent audit of the Council's financial statements and their assessment of the Council's arrangements to secure value for money (vfm) in its use of resources.

### **Main Considerations for the Council**

3. The headlines are incorporated into section two of the KPMG report. These are summarised as follows:
  - KPMG anticipates issuing an unqualified audit opinion by 30 September 2011.
  - The Council has addressed critical accounting matters appropriately. This includes the implementation of International Financial Reporting Standards (IFRS), which has been addressed appropriately by the Council.
  - KPMG identified a number of adjustments to the draft financial statements, however these are all classification errors and as such have no impact on the overall reported financial position or performance. They concluded that this result demonstrates the high level of care and resource that the finance team put into preparing the financial statements and the working papers for audit.

- KPMG concluded that the quality of the accounts and the supporting working papers provided to them was excellent. Officers dealt efficiently with audit queries and the audit process has been completed to the planned timescales. It should be noted that this has been achieved whilst coping with the department restructuring and the transition to IFRS which resulted in a significant amount of additional work for KPMG and Finance staff.
- KPMG confirmed that they are again unable to rely fully on the operation of key automated controls within the Council's general IT control environment. As a result of the additional IT audit work was required, which resulted in an additional fee.
- KPMG have concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### **Risk Assessment**

4. There are no direct risk implications associated with this report.

### **Equality and Diversity Impact of the Proposal**

5. None have been identified as arising directly from this report.

### **Environmental Impact of the Proposal**

6. There are no direct environmental implications associated with this report.

### **Financial Implications**

7. KPMG's Report to those charged with Governance is relevant to the Council's financial arrangements.

### **Legal Implications**

8. KPMG's Report to those charged with Governance is relevant to the Council's legal arrangements.

### **Recommendations**

9. That the Audit Committee receive the draft accounts for 2010/2011.
10. The Audit Committee delegates the signing of the letter of the management representation letter to the Chairman of the Audit Committee.

## **Reason for Recommendations**

11. To present KPMG's Report to those charged to governance to the Audit Committee and to invite Members to consider their response.

**MICHAEL HUDSON**  
Chief Finance Officer

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Report Author: Matthew Tiller – Chief Accountant

The following unpublished documents have been relied on in the preparation of this report:

None.

### **Appendices:**

Appendix A - KPMG REPORT TO THOSE CHARGED WITH GOVERNANCE  
(ISA 260) 2010/2011