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Annual Audit Letter 2011/12

Wiltshire Council

October 2012



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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.

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This report summarises the key findings from our 2011/12 audit of Wiltshire Council (the Council).

Although this letter is addressed to the Members of the Council, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Council's 2011/12 financial statements and the 2011/12 VFM conclusion.

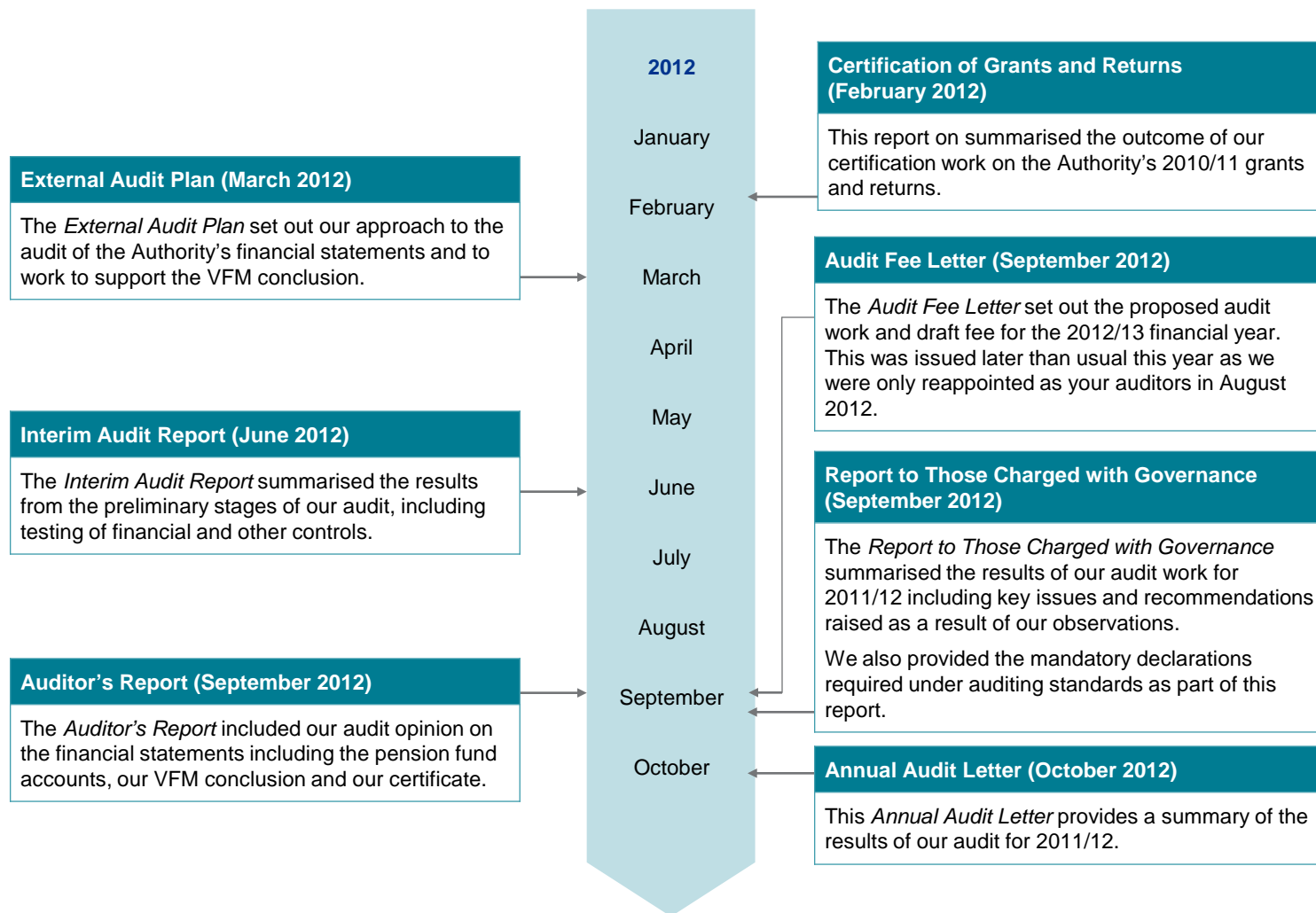
VFM conclusion	<p>We issued an unqualified value for money ('VFM') conclusion for 2011/12 on 7 September 2012.</p> <p>This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive 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>As well as considering your general arrangements to secure value for money, we identified a number of significant risks to our VFM conclusion and reviewed the arrangements you have put in place to mitigate these. This included the following areas:</p> <ul style="list-style-type: none"> ■ Savings Plan: We considered the process used by the Council to put together its savings plan and monitor progress against it. Management has monitored the savings plan closely. The savings have been reported at regular intervals to the Cabinet with explanations of progress of achieving the separately identified savings. This remains a challenging area for the Council, as it is with all local authorities, but we were satisfied with your overall arrangements to manage this risk during the year. ■ Ofsted Report: We considered the Council's response to the recent Ofsted inspection report which highlighted issues relating to safeguarding and looked after children. The Council reacted quickly to the Ofsted findings, creating an action plan which was agreed with the Inspectors. An Improvement Board was set up to oversee, challenge and support the delivery of the improvement plan. As a result of this response, we were satisfied that this issue had no impact on our ability to issue a positive VFM conclusion.
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 7 September 2012. This means that we believe the financial statements give a true and fair view of the financial position of the Council and of its expenditure and income for the 2011/12 financial year.</p>
Financial statements audit	<p>The Council has sound financial reporting arrangements and our financial statements audit progressed smoothly. The financial statements were prepared to a good overall standard, although there were five audit differences highlighted by our audit which were significant enough to require reporting. All of these differences were adjusted in the Council's published financial statements. We also identified a number of presentational issues during our audit and these were amended too.</p> <p>The Council has implemented all of the recommendations in our <i>ISA 260 Report 2010/11</i> relating to the financial statements.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Pension fund audit	There were no significant issues arising from our audit of the pension fund. We therefore issued an unqualified opinion on the pension fund accounts, as part of our audit report on the Council's financial statements.
Whole of Government Accounts	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Council's pack was consistent with the audited financial statements.
High priority recommendations	<p>During our audit we again issued a small number of recommendations relating to the design of certain IT controls within the Council's SAP system. This continued the themes of recommendations from previous audit years, although we were pleased to report that good progress had been made overall in addressing the underlying issues. The Council has also continued to strengthen its IT controls since our report.</p> <p>We also issued a number recommendations relating to lower priority areas for improvement during our audit work. These are set out in the detailed audit reports we issued during the year (see Appendix 1), all of which have been presented to the Council's Audit Committee.</p>
Certificate	<p>We issued our certificate on 7 September 2012.</p> <p>The certificate confirms that we have concluded the audit for 2011/12 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
Audit fee	Our fee for 2011/12 was £402,760, excluding VAT. 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 2011/12.

To make sure that there is openness between us and your Audit Committee about the extent of our fee relationship with you, we have summarised below the outturn against the 2011/12 planned external audit fee.

External audit

Our final fee for the 2011/12 audit Wiltshire Council was £402,760. This is an overall reduction of £15,600 (3.7%) on last year's total fee for 2010/11 of £418,300.

The final fee compares to a planned fee of £370,260. The movement of £32,500 was simply a timing difference, due to a one-off audit we undertook on the migration of data from the Council's previous revenues and benefits IT systems into the replacement Northgate system. This work had been agreed in principle with the Council at the time the planned fee for the main audit was set, but the fee for this work was not considered until a later date when the work was developed in more detail. Both the main audit and the one-off data migration audit were therefore delivered within the fees agreed originally with the Council.

Our final fee for the 2011/12 audit of the Pension Fund was in line with the planned fee of £47,216.

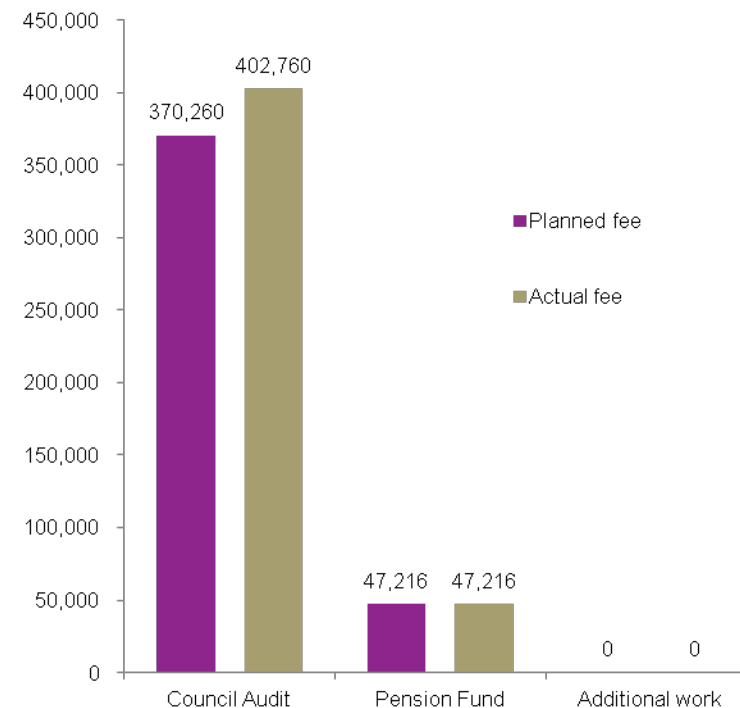
Certification of grants and returns

Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2011/12* which we are due to issue by January 2013.

Other services

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

External audit fees 2011/12 (£'s)





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