

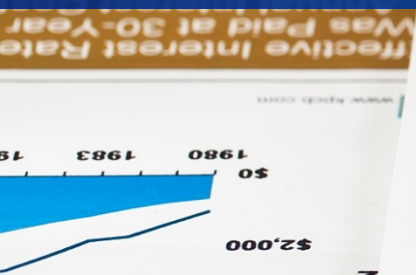
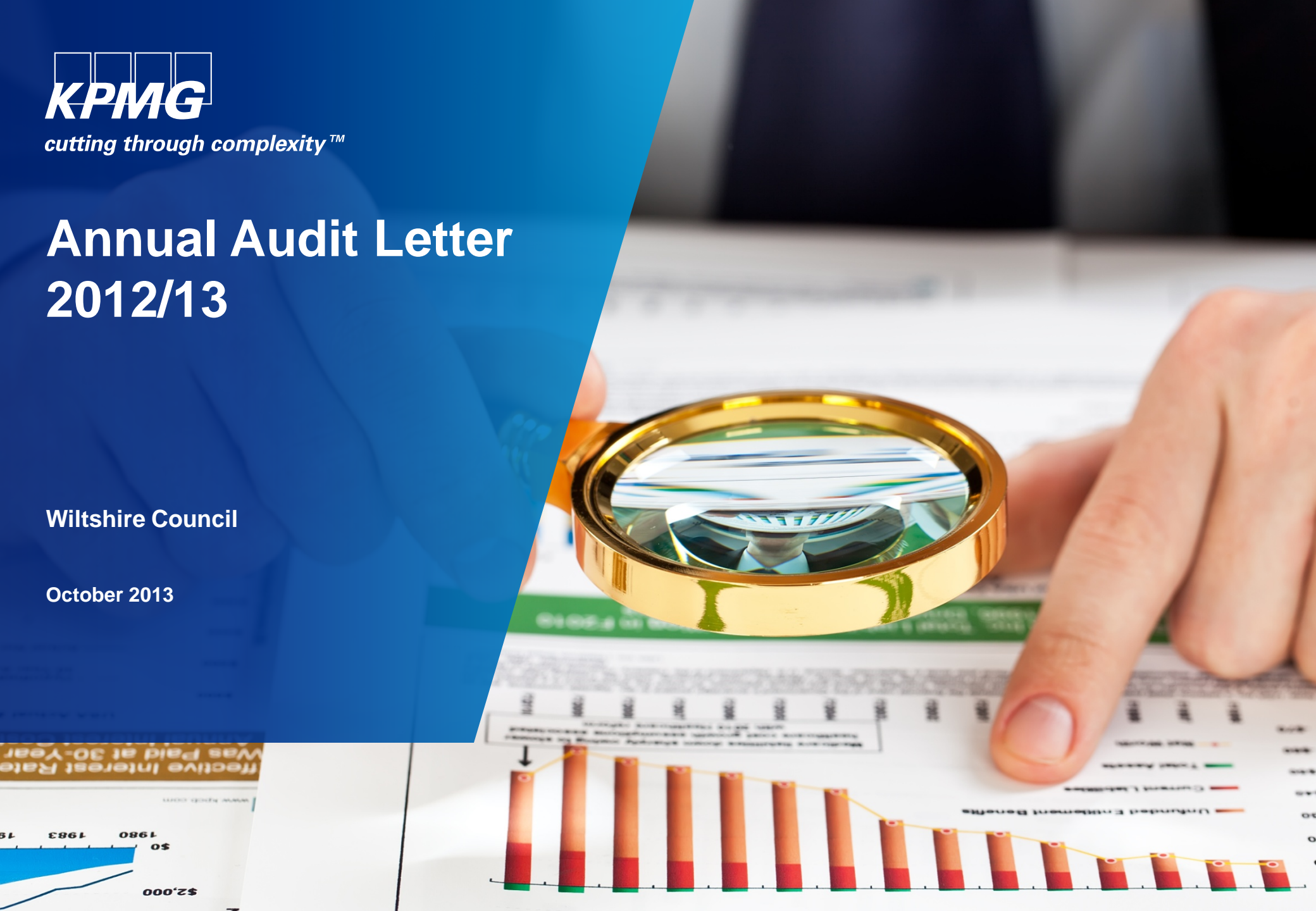


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Annual Audit Letter 2012/13

Wiltshire Council

October 2013



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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 Chris Wilson, 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 03034448330.

This report summarises the key findings from our 2012/13 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 2012/13 financial statements and the 2012/13 VFM conclusion.

VFM conclusion	<p>We issued an unqualified value for money (VFM) conclusion for 2012/13 on 4 September 2013.</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"> ■ The Authority has developed detailed savings plans for both 2012/13 and 2013/14 and monitors delivery of these plans on an ongoing basis. As a result of the overall financial control environment in operation, the Authority achieved an under spend against the 2012/13 budget; and ■ During the year, the Authority recognised a significant downwards revaluation in relation to the first phase of the renovation of County Hall. Members and officers were kept informed of the renovation of County Hall during the year. Discussions and audit evidence has been obtained on the additional benefits and ongoing saving to be incurred as a result of the renovation.
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 4 September 2013. 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 one audit adjustment with a value of £2.0 million. This amendment related to the inclusion of the year-end Teacher's Pension superannuation balance being included within debtors despite being in a credit position. The correction of this issue 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 2013.</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 a highly efficient manner which assisted in ensuring that the audit process was completed within the planned timescales.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding. No significant changes were required as a result of our audit of the statement.</p>

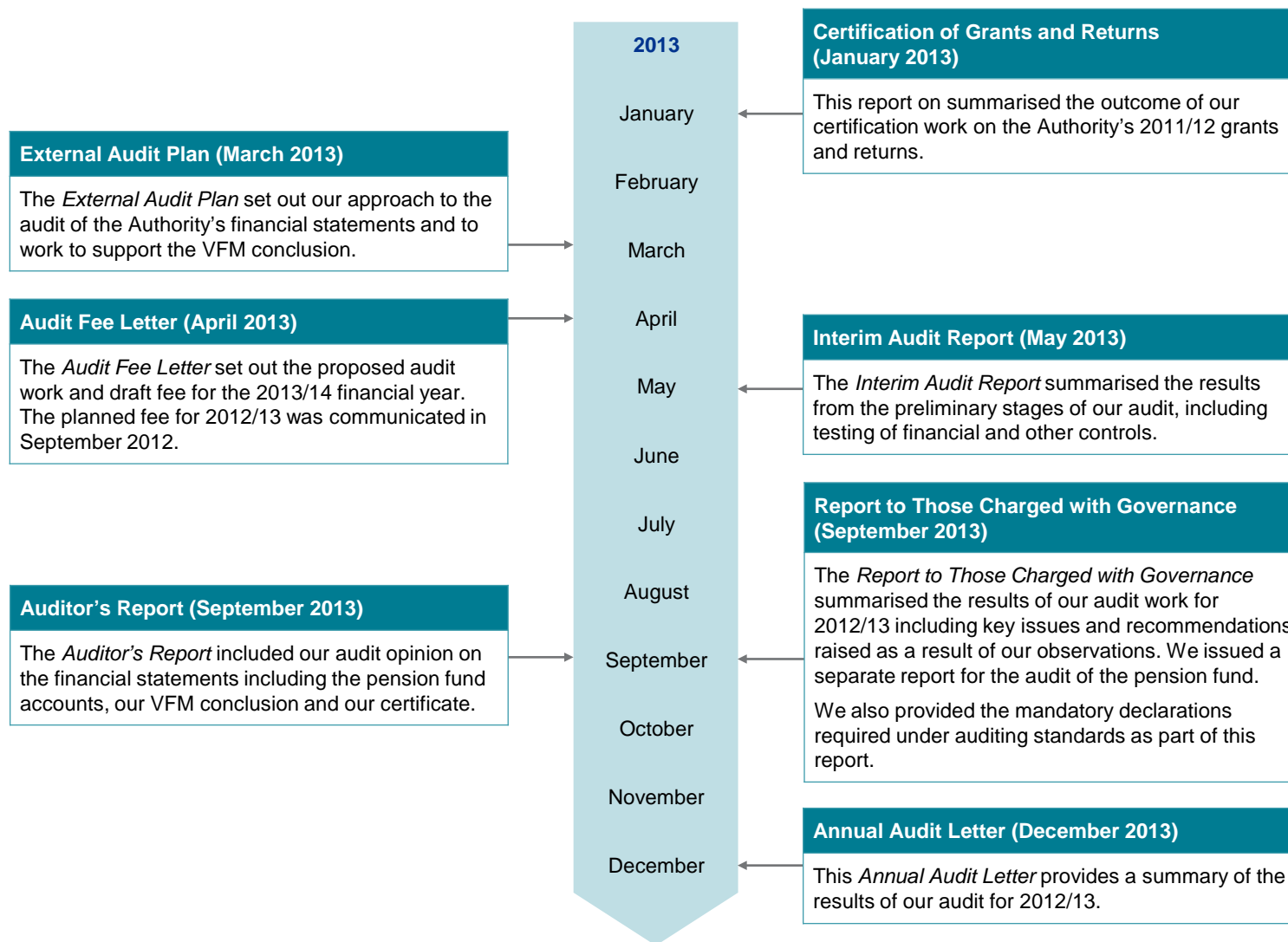
We provide a summary of our key recommendations in Appendix 1.

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

Pension fund audit	There were no significant issues arising from our audit of the pension fund. We therefore, issued an unqualified audit opinion on the pension fund accounts, as part of our audit report on the Authority's financial statements.
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 2012/13 audit work. As a result of the audit of the financial statements we raised one low priority recommendation in our <i>ISA 260 Report 2012/13</i> in relation to the completeness of Academy school asset disposals.
Certificate	We issued our certificate on 4 September 2013. The certificate confirms that we have concluded the audit for 2012/13 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 2012/13 was £254,250, excluding VAT. This is higher than the planned fee of £222,156, as a result of additional work delivered during the year, but represents a significant reduction from the total fee for 2011/12. 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 2012/13.

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 2012/13 planned audit fee.

External audit

Our final fee for the 2012/13 audit of the Authority was £254,250. This is an overall reduction of 37 percent on the comparative total fee for 2011/12 of £402,760. This reflects the significant reductions made nationally by the Audit Commission to its scale fees.

The final fee compares to a planned fee of £222,156. The reason for this variance is the completion of additional work which was not allowed for in our initial planned fee as follows:

- The completion of a comprehensive review of the internal audit function provided by South West Audit Partnership (“SWAP”) against the *CIPFA Code of Practice for Internal Audit in Local Government* (£16,353);
- A review of the data migration process undertaken by the Authority, and subsequent work by SWAP, in relation to the implementation of the QL housing rents system (£9,883); and
- Investigation and responses into an elector challenge during the year (£5,858).

Our fees in relation to the additional work outlined above are still subject to final determination by the Audit Commission, and therefore, pending this, represents our best estimate of the cost for the year.

Our final fee for the 2012/13 audit of the Pension Fund was in line with the planned fee of £24,246.

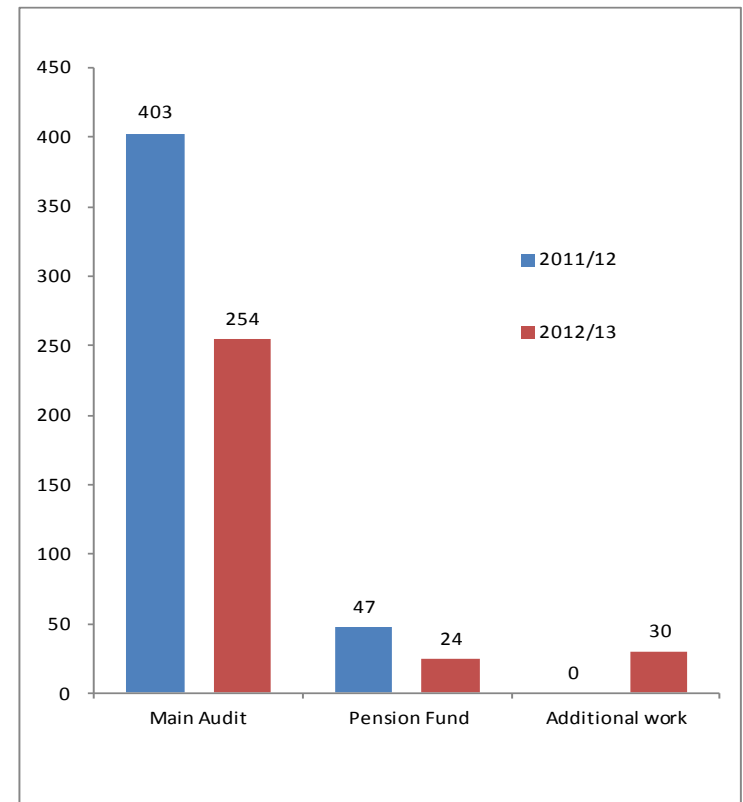
Certification of grants and returns

Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2012/13* which we are due to issue in January 2014.

Other services

During the year we undertook £30,000 of non-audit work in relation to a due-diligence review of the Regional Growth Fund.

External audit fees 2012/13 (£'000)





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