

# South Bucks District Council Annual Audit Letter

Year ending 31 March 2013

17 October 2013

Ernst & Young LLP



**Private and confidential**

South Bucks District Council  
Capswood  
Oxford Road  
Denham  
Buckinghamshire  
UB9 4LH

17 October 2013

Dear Members,

**Annual Audit Letter**

The purpose of this Annual Audit Letter is to communicate to the Members of South Bucks District Council (the Council) and external stakeholders, including members of the public, the key issues arising from our work which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with the governance of the Council in the following reports:

2012/13 Audit Results Report

Issued 9 September 2013

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The matters reported here are the most significant for the Council.

I would like to take this opportunity to thank the Council's officers for their assistance during the course of our work, especially in a year where you have undergone significant and continuing structural change.

Yours faithfully



Maria Grindley  
For and behalf of Ernst & Young LLP  
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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' ('Statement of responsibilities'). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

**Our Complaints Procedure** - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

## 1. Executive summary

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan issued on 28 March 2013 and conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement, in which it reports publicly on the extent to which it complies with its own code of governance. This includes how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period. It is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of South Bucks District Council for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland)	On 24 September 2013 we issued an unqualified audit opinion on the financial statements.
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources.	On 24 September 2013 we issued an unqualified value for money conclusion.
Issue a report to those charged with the governance of the Council (the Audit Committee) communicating significant findings from our audit.	We issued our Audit Results Report on 9 September 2013.
Report to the National Audit Office on the accuracy of the consolidation pack the Council is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 24 September 2013.
Consider the completeness of disclosures in the Annual Governance Statement, identify any inconsistencies with other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance.	We had no issues to report.

Consider whether, in the public interest, we should make a report on any matter coming to our notice during the audit.

We had no issues to report.

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Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.

We had no issues to report.

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Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

We issued our audit completion certificate on 24 September 2013.

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Issue a report to those charged with the governance of the Council summarising our certification (grant claims and returns) work.

We will issue our annual certification report for 2012/13 to those charged with governance in December 2013.

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## 2. Key findings

### 2.1 Financial statement audit

We audited the Council's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 24 September 2013.

In our view, the quality of the process for producing the accounts, including the supporting working papers was good.

The main issues identified as part of our audit were:

**Specific risk: misstatement due to fraud or error. This is an inherent risk due to the nature of local authority finances and increasing pressures on management to achieve financial targets.**

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- ▶ We found no evidence of material misstatement due to fraud or error. In fact there were very few amendments necessary to the accounts, and none were material.
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### 2.2 Value for money conclusion

We are required to carry out enough work to conclude whether the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2012/13 our conclusion was based on two criteria, These are that the organisation:

- ▶ has proper arrangements for securing financial resilience; and
- ▶ has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 24 September 2013. Our audit did not identify any significant matters.

**Value for money risk 1: Audit findings and conclusions**

**Changes to arrangements for council tax support and business rates: these represent a significant change for the Council and bring both financial and reputational risks**

There were no issues arising from our review of the Council's consideration of these changes.

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**Value for money risk 2: Audit findings and conclusions**

**The continuing financial pressure on local authorities and the resulting need to focus on financial resilience and efficient use of resources are significant medium-term challenges**

There were no issues arising from our review of the Council's financial resilience.

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**2.3 Objections received**

We received no objections to the 2012/13 accounts from members of the public.

**2.4 Whole of government accounts**

The Council is required to prepare a consolidation pack for the whole of government accounts. On 24 September 2013 we reported to the National Audit office the results of our work on its accuracy. We did not identify any areas of concern.

**2.5 Annual governance statement**

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA/SOLACE guidance. We completed this work and did not identify any areas of concern.

**2.6 Certification of grants claims and returns**

We completed our work on the certification of the national non-domestic rates return on 25 September 2013, before the 30 September deadline. However we have still to complete our work on Housing Benefits, which has a later deadline of 30 November 2013. We will issue the Annual Certification Report for 2012/13 in December 2013.

### 3. Control themes and observations

As part of our audit of the financial statements, we obtained sufficient understanding of internal control to plan our audit and determine the nature, timing and extent of testing. Although our audit was not designed to express an opinion on the effectiveness of internal control, we communicated significant deficiencies to those charged with governance at the Council as required.

The matters reported are shown below and are limited to those we identified during the audit and that we concluded are important enough to report.

We found no significant deficiencies to report in-year but have identified the following challenges for the coming year:

Description	Impact
Continuing change as the joint working programme moves on to lower level posts.	Potential impact on staff morale and capacity.
Continuing to work in the context of public sector financial pressure and an expected challenging central government financial settlement.	Tension between quality and quantity of service provision.

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