

# Annual Audit Letter

South Bucks District Council

Audit 2010/11



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# Key messages

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**This report summarises the findings from my 2010/11 audit. My audit comprises two elements:**

- the audit of your financial statements; and
- my assessment of your arrangements to achieve value for money in your use of resources.

## **Audit opinion and financial statements**

I issued an unqualified opinion on your financial statements for 2010/11 on 29 September 2011.

I found no material or significant errors in the financial statements.

This was the first year that your officers have had to prepare a full set of IFRS compliant financial statements. You responded well and met the extra accounting and disclosure requirements.

## **Value for money**

I issued an unqualified conclusion on your arrangements for securing economy, efficiency and effectiveness in your use of resources on 29 September 2011.

# Current and future challenges

The Council faces major challenges to provide services in a challenging environment.

Economic downturn and pressure on the public sector	<p>The economic environment continues to place significant pressures on the public sector. You need to deliver effective services with reduced resources.</p> <p>You have set out your ambitions in your Corporate Plan, underpinned by your medium term financial strategy and integrated service plans. You changed the medium term financial strategy for:</p> <ul style="list-style-type: none"><li>■ the 2010 spending review and other changes which resulted in a significant decrease in grant funding; and</li><li>■ the general economic situation and its impact on investment income streams.</li></ul> <p>You have identified income opportunities and measures to reduce costs, including a practical approach to sharing services, to preserve financial stability. You are making good progress, and are on track to provide planned services and keep minimum reserve levels for 2011/12 – 2014/15.</p>
Joint arrangements and shared services	<p>You are exploring the option of working with Chiltern District Council to set up a joint management team under the leadership of a shared Chief Executive.</p> <p>You are also looking at opportunities to work in collaboration with other authorities to secure more effective provision of services.</p>
Income streams	<p>Income streams remain stable and you have taken account of the likely declines in investment income and central government funding.</p>
IFRS	<p>You made a good job of introducing IFRS in the 2010/11 financial statements.</p>

# Financial statements and annual governance statement

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The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

## Overall conclusion from the audit

I issued an unqualified opinion on your financial statements on 29 September 2011.

At the same time, I issued my closing certificate to close the audit.

The audit progressed smoothly; you provided good working papers to support the draft financial statements and responded to audit queries quickly and effectively. I found no material or significant errors, and you accepted the extra disclosures I suggested. I presented my Annual Governance Report to the Audit Committee on 15 September 2011.

This was the first year that your officers had to prepare a full set of IFRS compliant financial statements and they responded well to the extra requirements.

## Internal control

I did not identify any significant weaknesses in your internal control arrangements.

# Value for money

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**I considered whether the Council is managing and using its money, time and people to deliver value for money. I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money conclusion.**

I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against two criteria specified by the Audit Commission. My overall conclusion is the Council has adequate arrangements to secure, economy, efficiency and effectiveness.

I have set out below my conclusion on each of the two areas.

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## Value for money criteria and key messages

Criterion	Key messages
<b>1. Financial resilience</b> <b>The organisation has proper arrangements in place to secure financial resilience.</b>	<p>You have robust systems and processes in place to manage financial risks and to achieve a stable financial position that enables you to continue to operate for the foreseeable future. You have a planning process which integrates financial planning with service planning. You check regularly progress on your Corporate Plan and medium term financial strategy.</p> <p>I did not identify any significant risks to your achieving value for money and as a result, I did not undertake any risk based value for money work.</p>
<b>2. Securing economy efficiency and effectiveness</b> <b>The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</b>	<p>You have clearly defined priorities within your Corporate Plan, supported by the medium term financial strategy. You set priorities for services within a reduced budgets, for example by maximising income opportunities, improving efficiency and by working collaboratively with other bodies where practical to do so.</p>

# Closing remarks

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I have discussed and agreed this letter with the Director of Resources and the Head of Finance and IT. I will present this letter at the Audit Committee on 15 December 2011 and will provide copies to all members.

I have set out the detailed findings, conclusions and recommendations in the areas covered by my audit in the reports I issued during the year.

Report	Date issued
Audit opinion plan	March 2011
Annual governance report	September 2011
Auditor's report giving an opinion on the financial statements and value for money conclusion	September 2011
Final accounts memorandum	December 2011
Grant claims and returns report	December 2011

You have taken a positive and helpful approach to our audit. I thank you and your staff for their support and cooperation during the audit.

Mick West  
District Auditor  
November 2011

# Appendix 1 – Fees

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	Actual	Proposed	Variance
Fee for 2010/11, before rebates	£97,600	£97,600	£0
Grant claims and returns	£35,000 (estimated)	£26,000	£9,000 *
<b>Total</b>	<b>£132,600</b>	<b>£123,600</b>	<b>£9,000</b>

The Audit Commission has also paid two rebates for 2010/11 fees: £5,922 against the added burden of IFRS and £1,478 for the reduced burden of inspection and audit.

\* *Extra fee estimate due to Housing Benefits claim where I needed to carry out extra testing to comply with grant certification requirements.*

# Appendix 2 – Glossary

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## **Annual governance statement**

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

## **Audit opinion**

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

## **Opinion**

If I agree the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm the statements give a true and fair view.

## **Value for money conclusion**

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources based on criteria specified by the Audit Commission.

If I find the audited body had adequate arrangements, I issue an unqualified conclusion. If I find that it did not, I issue a qualified conclusion.

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