

Annual Audit Letter

Year ending 31 March 2014

Wycombe District Council

15 October 2014

Ernst & Young LLP



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The Members
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15 October 2014

Dear Members

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of Wycombe District Council and its 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 Wycombe District Council in the 2013/14 Audit Results Report, issued on 25 September 2014.

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

I would like to take this opportunity to thank officers for their assistance during the course of our work.

Yours faithfully

Maria Grindley
For and behalf of Ernst & Young LLP
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1. Executive Summary

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan issued on 27 March 2014 and is 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 Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place 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 arrangements that the Authority has in place 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 Wycombe District Council for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK & Ireland)	On 26 September 2014 we issued an unqualified audit opinion in respect of the Authority.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 26 September 2014 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Audit Committee) communicating significant findings resulting from our audit.	On 25 September we issued our report in respect of the Authority.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 26 September 2014.
Consider the completeness of disclosures in the Authority'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.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	No issues to report.

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

No issues to report.

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.

On 26 September we issued our audit completion certificate.

Issue a report to those charged with governance of the Authority summarising the certification (of grant claims and returns) work that we have undertaken.

We plan to issue our annual certification report for the 2013/14 financial year in December 2014.

2. Key findings

2.1 Financial statement audit

We audited the Authority'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 26 September 2014. 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:

Significant risk 1: risk of misstatement due to fraud and error

The risk of management override is considered and addressed by our audit approach. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design appropriate procedures to gain our required assurance.

We have not identified any issues which would alert us to concerns in this area.

We have obtained representation from both management and from the audit committee as those charged with governance that the Authority has arrangements to mitigate risks.

Significant risk 2: localisation of business rates

We identified the provision needed for business rate appeals as a risk because it is potentially material and a new requirement, with only limited guidance provided.

We found the Authority had followed available guidance, was not out of line with other councils, and movements in the first quarter of 2014/15 showed the amount was reasonable

Other risk: group accounting

Higginson Park charitable trust accounts are drawn up under a different code from the Authority's accounts (UKGAAP rather than IFRS).

We reviewed procedures against the requirements of IFRS group accounting and tested disclosures. There were no issues arising.

2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2013/14 our conclusion was based on two criteria:

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

We issued an unqualified value for money conclusion on 26 September 2014. Our audit did not identify any significant matters.

2.3 Objections received

We received no objections to the 2013/14 accounts from members of the public.

2.4 Whole of government accounts

We reported to the National Audit office on 26 September 2014 the results of our work performed in relation the accuracy of the consolidation pack the Authority is required to prepare for the whole of government accounts. We did not identify any areas of concern.

2.5 Annual governance statement

We are required to consider the completeness of disclosures in the Authority'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 will issue the Annual Certification Report for 2013/14 in December 2014.

3. Control themes and observations

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

The matters reported are shown below and are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported.

Description	Impact
A key journal control was not always evidenced as reviewed by a senior officer	Errors might not have been picked up promptly during the year
During the year bank reconciliations contained large balancing amounts which were not cleared or supported	Errors might not have been picked up promptly during the year. However by year-end they had all been cleared apart from £430,000 which did not represent money owed either to or by the Authority, but was a technical issue with brought forward balances from the previous system.

4. Audit Fee

A breakdown of our agreed fee is shown below. We have not yet completed our work on the Housing Benefit claim, for which the deadline is 30 November 2014.

	Proposed Final Fee 2013-14	Scale Fee 2013-14	Explanation of variance
	£	£	
Total Audit Fee – Code work	81,681	81,681	
Certification of claims and returns	19,672*	23,300	scale fee reduced, see below
Non-audit work (provide details)	0	0	

* the variance in expected fee for grant claims reflects a 12% reduction by the Audit Commission, recognising that in 2013/14 we no longer needed to include Council Tax Benefit in our testing of the Housing Benefit claim. This adjustment has already been taken into account in our billing. The final grants fee will be confirmed when the work is complete.

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