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Annual Audit Letter 2013/14

Wiltshire & Swindon Fire Authority

October 2014



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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 Darren Gilbert, 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 0303 4448 330.

This report summarises the key findings from our 2013/14 audits of Wiltshire & Swindon Fire Authority (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 2013/14 financial statements and the 2013/14 VFM conclusion.

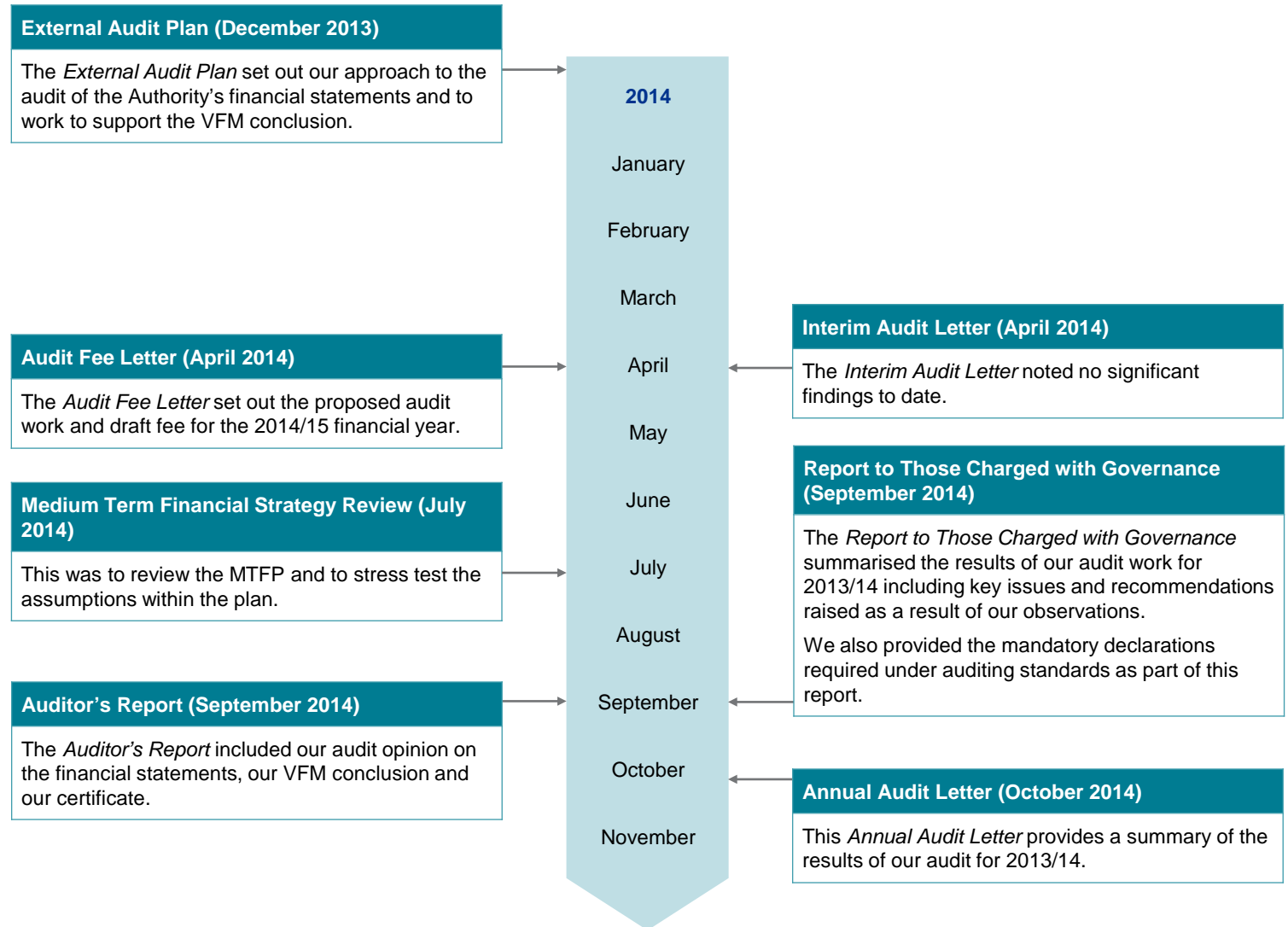
All the issues in this letter have been previously reported.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 29 September 2014. 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 note that, similarly to many public sector bodies, the Authority faces significant financial pressures in the future. The Authority has for some time been developing proposals for a formal combination with Dorset Fire Authority which, if implemented, will provide synergies and cost saving opportunities that management anticipates would significantly address these financial pressures. No final decision has yet been made and the two authorities are currently consulting on the proposal. Regardless of whether the proposed combination proceeds, it is clear that the Authority will need to take significant steps to address the financial challenges it faces. This will involve difficult decisions and will take time to implement, so it is important to allow sufficient time for the necessary planning and delivery of these actions. The Authority has some reserves and balances which can be drawn on in the short term, but this does not offer a longer term solution and the Authority must be careful not to deplete its balances excessively.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 29 September 2014. 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.</p>
Financial statements audit	<p>Our audit identified a total of two material adjustments and one further significant audit adjustment which was identified by management. The impact of these adjustments was to:</p> <ul style="list-style-type: none"> ■ decrease the balance on the general fund account as at 31 March 2014 by £540,911; ■ decrease the deficit on provision of services for the year by £968,000; and ■ decrease the net worth of the Authority as at 31 March 2014 by £1,466,701. <p>The 3 adjustments highlighted above do not undermine our view of the overall accounts production process and are seen as one off errors, rather than errors which highlight further issues.</p> <p>The Authority has implemented all of the recommendations in our <i>ISA 260 Report 2012/13</i> relating to the financial statements.</p>
Annual Governance Statement	<p>We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.</p>
Whole of Government Accounts	<p>The Authority is below the de-minimus threshold for a full audit of the Whole of Government Accounts pack. Accordingly we performed reduced procedures in line with the guidelines and noted no inconsistencies.</p>

High priority recommendations	<p>We raised no high priority recommendations as a result of our 2013/14 audit work.</p> <p>The Authority has implemented all of the recommendations in our <i>ISA 260 Report 2012/13</i> relating to the financial statements.</p>
Certificate	<p>We issued our certificate on 29 September 2014 for the Authority.</p> <p>The certificate confirms that we have concluded the audit for 2013/14 in accordance with the requirements of the Audit Commission Act 1998 and the Audit Commission's Code of Audit Practice.</p>
Audit fee	<p>The planned audit fee was £37,771. Following additional work in the year an additional fee of £2,500 has been agreed between KPMG and the Authority. This requires ratification from the Audit Commission before being confirmed. An additional £2,500 was charged for a detailed review of the Medium Term Financial Plan. This work was not related to our responsibilities under the Audit Commission's Code of Audit Practice</p>

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.





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