



Councillor Michael Jones
Leader
Powys County Council
County Hall
Llandrindod Wells
Powys
LD1 5LG

24 Cathedral Road / Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 20 320502
Fax / Ffacs: 029 20 320600
Email / Epost: wales@wao.gov.uk
www.wao.gov.uk

Our reference 631A2011
Date 29 November 2011
Pages 1 of 3

Dear Councillor Jones

Annual Audit Letter to the Members of Powys County Council

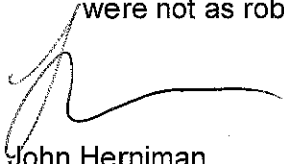
As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority by the end of January 2012 and some of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter will be included in that report. Therefore I have taken the opportunity to summarise the key messages arising from my Appointed Auditor's statutory responsibilities into this short letter which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will also be presented to the Council and the public as part of the AIR and therefore discharges my reporting responsibilities under the Code of Audit Practice.

Powys County Council complied with its responsibilities relating to financial reporting and use of resources

1. It is the Council's responsibility to:
 - put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
 - maintain proper accounting records;
 - prepare a Statement of Accounts in accordance with relevant requirements; and
 - establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

2. The Public Audit (Wales) Act 2004 issued by the Auditor General requires me to:
 - provide an audit opinion on the accounting statements;
 - review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
 - issue a certificate confirming that I have completed the audit of the accounts.
3. On 29 September 2011 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report in the September 2011, and a more detailed report will follow in due course.
4. From 2010-11 local authorities in Wales are required to produce their accounts on the basis of International Financial Reporting Standards(IFRS). The introduction of these new standards imposed significant additional demands on the Council's finance staff, but despite these additional pressures, the accounts were prepared by the statutory deadline. The additional pressures and requirements did mean, however, that not all of the normal quality control checks could be undertaken and, consequently, the draft statements and supporting working papers were not always to the same standard as previous years (see paragraph 8 below for information on additional fee). I do recognise that the Council's finance team dealt with the introduction of IFRS without additional resource.
5. My review of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government Measure (2009). The main findings from this latter work will be set out in the AIR. Overall, I am satisfied that you have appropriate arrangements in place, although the AIR will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.
6. In March 2011 I presented to the Audit Committee a report on disclosures made to us under whistleblowing arrangements. The report concluded that, overall, the concerns raised by the whistleblowers were either not substantiated or had already been recognised by the Council. However, there were serious failings in relation to governance arrangements of the Waste Aim High group, and in the appointment of one employee identified by the whistleblower. The Council has produced and agreed an action plan to address these issues.

7. I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2011.
8. The financial audit fee for 2010-11 is currently expected to be £5,719 higher than that set out in the Annual Audit Outline. Additional work was required on the Fixed Assets balances and Capital Financing figures and, in general, the quality of working papers provided to support the Financial Statements and the audit trail were not as robust as previous years.



John Herniman
Appointed Auditor

29 November 2011