

5 October 2012

Members
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Dear Members

Durham County Council Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Durham County Council, including the Pension Fund that it administers.

Financial statements of the Council

On 27 September 2012 I presented my Annual Governance Report to the Audit Committee outlining the findings of my audit of the Council's 2011/12 financial statements. I will not replicate those findings in this letter. However, improvements in the process for producing the financial statements have allowed the Council to publish its audited accounts by 30 September 2012 for the first time since Local Government Reorganisation.

Financial statements of the Pension Fund

On 27 September 2012 I also presented my Annual Governance Report to the Audit Committee outlining the findings of my audit of:

- the Pension Fund 2011/12 financial statements included within the Authority's Statement of Accounts; and
- the Pension Fund Annual Report.

I will not repeat my findings in this letter. However, the quality of the Pension Fund financial statements also improved this year with fewer errors identified than in previous years.

Value for Money (VfM) Conclusion

My Annual Governance Report outlined the findings of my work in this area. In summary the Council:

- understands the financial challenges and risks it faces and has worked hard to deliver a sustainable medium term financial plan for 2012/13 and beyond;

- has successfully delivered significant savings and efficiencies to-date and is aware that achieving sustainable efficiencies will become more challenging in future years, requiring difficult decisions; and
- has put in place proper arrangements to challenge how it secures value for money, including robust programme management, service review and benchmarking arrangements.

Reporting the results of my audit

Following the Audit Committee, on 28 September 2012 I:

- issued an unqualified opinion on the Council's 2011/12 financial statements and the Pension Fund 2011/12 financial statements included in the Council's Statement of Accounts;
- issued an unqualified opinion on the Pension Fund 2011/12 financial statements included in the Pension Fund Annual Report; and
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

Whole of Government Accounts

I have completed my work on Whole of Government Accounts and issued my report to the National Audit Office by the deadline of 5 October 2012. Following completion of this work I certified completion of the audit on the same day.

Fees

I completed my audit within the planned fees for Durham County Council and Durham County Pension Fund.

Closing remarks

I have discussed and agreed this letter with the Chief Executive and Corporate Director Resources. This has been another challenging year for the Council and its staff. It is also my last audit as part of the Audit Commission's Audit Practice. My team and I wish to thank everyone for the continued positive and constructive approach they have taken to the audit over the years.

Yours sincerely

Cameron Waddell
District Auditor