

September 2012

Members
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Dear Member

Borough of Poole Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit for the Borough of Poole

Financial statements

On 27 September 2012 I presented my Annual Governance Report (AGR) to the Audit Committee outlining the findings of my audit of the Authority's 2011/12 financial statements. I will not replicate those findings in this letter.

Following the Audit Committee I:

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

Other Matters

Issues from the 2010/11 Annual Audit Letter

In last year's letter, I reported that the Authority had not systematically reviewed all of its services to determine the most effective business model for delivery. Although some progress has been made in individual services, an overarching review has not yet taken place.

Twin Sails

This year has seen the completion and opening of the Twin Sails Bridge, which has been a major project for the Authority. The Authority planned that the bridge would be a catalyst for the regeneration of the area and some of the construction cost will be met by developer contributions. The slow economic conditions are impacting on this vision with some loan funding being required. As this has been such a large undertaking, it is important that a full post implementation review is carried out; looking at all aspects of the plan and construction as well as progress against the desired legacy outcomes.

Reserves

In the difficult economic conditions for the public sector, it is important that the Authority maintains sufficient reserves to enable it to retain financial resilience. The Authority undergoes a thorough risk based review of its reserves requirement when setting the budget each year. The position is reviewed, monitored and reported on during the year. The table below shows the level of revenue reserves maintained by the Authority relative to other local authorities, and shows that these are at the lower end,

Table 1

Authority	Reserves as a percentage of Gross Expenditure
Borough of Poole	6.8
Bournemouth Borough Council	14.4
Southampton City Council	4.6
Torbay Council	8.2
Isle of Wight	7.4
Bath and North East Somerset Council	7.7
North Somerset Council	7.7

Closing remarks

I have discussed and agreed this letter with the Chief Executive and Chief Financial Officer. While this has been another challenging year for the Authority I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit Committee for their support and co-operation during the audit.

Yours sincerely

Simon Garlick
District Auditor