

# **Annual**

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# **Governance**

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# **Report**

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**South Ribble Borough Council**

**Audit 2009/10**

**Date September 2010**

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## **Status of our reports**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
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Ladies and Gentlemen

## **2009/10 Annual Governance Report**

I am pleased to present the final version of my report on the results of my audit work for 2009/10.

I discussed and agreed a draft of the report with the Deputy Chief Executive on 14th September 2010 and updated it as issues have been resolved.

My report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 9);
- take note of the adjustments to the financial statements set out in this report (Appendix 2);
- note our findings in relation to the Council's value for money arrangements; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3).

Yours faithfully

Fiona Blatcher  
District Auditor

22nd September 2010

# Key messages

This report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

<b>Financial statements</b>	<b>Results</b>	<b>Page</b>
Unqualified audit opinion	Yes	7
Financial statements free from material error	Yes	7-9
<b>Value for money</b>	<b>Results</b>	<b>Page</b>
Adequate arrangements to secure value for money	Yes	10-13

## Audit opinion

- 1 My 2009/10 audit is now substantially complete and I expect to issue an unqualified opinion shortly after 22nd September 2010.

## Financial statements

- 2 The draft financial statements were produced ahead of the target date of 30 June 2010. My audit team has worked closely with officers in carrying out the audit. The quality of the working papers to support the financial statements continues to be of a good standard and on-going discussions with key finance staff throughout the year continues to be beneficial.
- 3 The issues I have identified from my review are primarily to disclosure notes and are summarised in Appendix 2. The changes made have no overall impact on the overall financial position of the Council and most are merely classification errors.

## Value for money

- 4 I am required to assess whether the Council has put in place adequate arrangements for securing economy, efficiency and effectiveness in its use of resources. I propose to issue an unqualified certificate in this respect. The Council continues to perform well during 2009/10, in what has been a particularly difficult economic environment. Significant efficiencies have been delivered whilst continuing to maintain good levels of service. The Council remains well placed to face the challenges ahead in the forthcoming period.

## Key messages

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### Audit fees

- 5 The audit fee for the 2009/10 audit was £94,996. During the course of the year there has been no reason to change my risk assessment of the Council and the audit work required and therefore the fee has remained unchanged.
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### Independence

- 6 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence. In fact one member of our audit team who was involved in the early work on Use of Resources did not assess the Council's Governance arrangements due to a declared personal interest.

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# Next steps

**This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.**

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**7** I ask the Audit Committee to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 9);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- note our findings in relation to the Council's value for money arrangements; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3).

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# Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

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## Opinion on the financial statement

- 8 I have now substantially completed my audit of your financial statements and I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

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## Errors in the financial statements

- 9 I am also required to report unadjusted non-trivial errors/uncertainties to those charged with governance. The level of trivial items is standard across all of our audited bodies. Your trivial threshold is the lesser of 1% of materiality or £500,000. This means any errors or adjustments to the financial statements above £10,070 are now considered to be non-trivial and should be reported to the Governance Committee.

- 10 In summary:

Value of error	Reporting Consequence
Material ( in excess of £1,007,000 )	Report to Those Charged with Governance and amend/qualify accounts
10% - Material	Report to Those Charged with Governance and request management to amend or explain why they choose not to make an amendment.
1% - 10%	Summary to Those Charged with Governance with no amendment required

- 11 A summary of the issues brought to the Governance Committee's attention is shown in Appendix 2. A small number of non-material errors were identified during the course of the audit. All of these have been amended for. None of the errors identified impact on the financial position of the authority. In addition, following a government announcement about the way in which pension increases will be calculated in future, a post balance sheet event disclosure note has been added to the accounts.

### Letter of representation

**12** Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation.

### Key areas of judgement and audit risk

**13** In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

**14** Below we have identified the key risk in relation to our value for money conclusion and how we plan to address this.

**Table 1 Key areas of judgement and audit risk**

Risk Area	Audit Response
Changes to SORP disclosure requirements	Our audit included specific testing around the new requirements for accounting for council tax and NNDR income and the changed disclosures required for senior officer's remuneration.
The Council will continue to face increased financial pressures linked to the economic downturn.	We reviewed the Council's plans for monitoring and managing the financial position as part of our early Use of Resources work. We have also conducted sample testing of transactions before and after the year end to confirm that they have been appropriately charged to the correct year of account.
2010/2011 will see the implementation of international financial reporting standards to local government accounts. This will require forward planning to ensure that the required information is available to enable an efficient transition to the new financial reporting requirements. Elements of the new requirements relating to accounting for PFI schemes and similar arrangements are required to be implemented within the 2009/10 accounts.	We have liaised with key finance staff on the key changes required and the plans in place to address them. We have also undertaken a number of snap surveys on the Council's progress towards IFRS where we assessed the Council as making good progress and on track to deliver against its timetable. Some aspects of the arrangements for the provision of leisure services are caught by the new accounting requirements. South Ribble's existing accounting practice significantly meets those requirements. We have suggested that the accountancy team keep this under review to ensure the requirements continue to be met in future.



### Accounting practice and financial reporting

- 15** My review also considers the qualitative aspects of your financial reporting. Some relatively minor amendments have been made to the accounting policies and notes to improve the presentation and completeness of the notes.

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# Value for money

**I am required to decide whether the Council put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. I have based my conclusion on my work on the scored use of resources judgement.**

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## Value for money conclusion

**16** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. I have shown my conclusions on each of the areas in Appendix 4.

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**17** In the early part of 2010, the Audit Commission carried out work at the Council to update its annual Use of Resources assessment. Following the announcement in May 2010 of the intended abolition of CAA, the Commission decided that scored Use of Resources assessments would no longer be issued. We nevertheless place reliance on work undertaken for Use of Resources to support our opinion on whether the Council has adequate arrangements in place to deliver value for money in its use of resources – known as the VFM Conclusion. The following paragraphs provide feedback on our assessment of the arrangements in place which we have considered in reaching our VFM Conclusion at the 2009/10 audit.

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## Managing Finances

**18** South Ribble Borough Council continues to demonstrate a strong track record of managing its finances to deliver value for money. It also uses cost and budget monitoring information well to inform decision making.

**19** Financial planning is fully integrated with strategic priorities, linking the Medium Term Financial Strategy and budget planning. Councillors take an active part in financial decisions. The financial strategy identifies the key risks to delivering the Medium Term Financial Strategy and what actions the Council is taking to mitigate the risks. The Council has identified planned efficiency savings of £920,000 for 2010-11, enabling it to set a balanced budget. Engagement with local communities is strong. The Council communicates well with Citizen's Panels, Equality Forums and Black and Minority Ethnic groups to understand what matters to citizens and reflect these views in Council spending priorities. It is actively involved in assisting local businesses and communities.

**20** The Council maintains good relationships with its LSP partners and is well placed to influence allocation of the LAA reward grant. The Council's negotiations with the LSP during 2009/10 resulted in the appointment of an External Funding Officer, based within the authority, and funding the salary and on-costs of the LSP Manager for three

## Value for money

years 2010-13. Consequently, this has added capacity in generating income to the Borough, and realised almost £150,000 in efficiencies for the Council.

- 21** The Council continues to have a sound understanding of its costs and performance and has used this to achieve significant efficiencies in 2009-10. There is clear information on costs, including transaction costs and unit costs for specific services. Members and managers routinely use this information to review and challenge value for money throughout services and corporately. The Council has delivered significant efficiency savings of £2.03 million in 2009-10. Through the C-smart programme, it identifies and pursues opportunities to actively manage and reduce costs and improve quality of services. It works well with other councils to make best use of combined resources and increase the impact of its work. The Council improves value for money through good use of information technology and by re-engineering business processes. Overall costs and most service costs are below average compared with similar councils
- 22** The Council's financial reporting is timely, reliable and meets the needs of users. The financial performance of partnerships is regularly reviewed, linked to outputs, and the results shared with partners and acted upon. Relevant non-financial and financial information is reported to members. The Council is strong at providing clear concise reports to members that aid decision making. The Council prepares its accounts that meet statutory requirements, financial reporting standards and present fairly without the need for material change.

### Areas for future focus and development

- 23** Like all councils, South Ribble faces significant financial pressures. It will be important to carefully monitor planned efficiency savings throughout the year, so that swift action can be taken if requirements for savings change or any predicted shortfalls occur. The full extent of necessary future spending reductions will become clearer after the Autumn Spending Review and the settlement of revenue grant funding for 2011/12 and beyond.

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## Governing the Business

- 24** The Council has a robust approach to commissioning and procurement. It has a thorough understanding of the needs of the borough's diverse communities. In partnership with other agencies, the Council is targeting inequalities, for example through work with vulnerable families. There is a strong focus on improving customer access and experience. Good progress has been made on shared arrangements with a neighbouring council including joint procurement. The Council has a thorough understanding of the supply market for the services that it procures or commissions. The Council reviews the competitiveness of services and achieves value for money whilst meeting wider social, economic and environmental objectives.
- 25** The Council continues to produce reliable data and information to support decision making. Effective policy, procedures and validation ensure that decision-makers receive information that is robust and accurate. Data is shared with partners and is used to target resources on priority areas such as community safety. The Council has taken positive action in response to our recommendation last year around

strengthening data quality arrangements where data is provided by third parties. In particular it has reviewed and updated its data quality policy to include arrangements for partners and third parties, developed a third party reporting protocol and written procedures for all externally reported performance indicators. Robust arrangements remain in place to ensure data security, including compliance with nationally recognised standards such as Government Connect.

- 26** The Council has a strong track record of community engagement in determining local priorities. During 2009/10 the 'Your Area' campaign saw a multi agency consultation across the Borough, going out on an area committee footprint, to ascertain local needs and priorities. Feedback from this has informed new Local Area Plans, which the LSP has agreed to resource for 2010/11. The Council continues to make good use of performance data to manage and improve the delivery of services. A culture and ethos of performance improvement and a clear focus on customers continue to be evident throughout the Council.
- 27** The Council has further strengthened its governance arrangements. A senior officer steering group supports the Committee in monitoring governance practices and highlights any significant internal control issues. A new, single Scrutiny Committee now holds the Cabinet to account. The Council constantly raises the standards of ethical conduct and behaviour to the highest levels. Some 90 per cent of employees feel the Council puts its key value of integrity into practice. Partnership governance is also strong. The Council routinely and robustly evaluates the effectiveness of its partnerships. The Scrutiny Committee provides a high degree of rigour and challenge by requesting full performance information where necessary. For example, reviews of the leisure and waste partnerships resulted in recommendations to further improve customer focus and show how partners deliver value for money for local people. Furthermore Internal Audit undertook a comprehensive governance review during the year which again demonstrates the Council's commitment to constantly building on and strengthening its existing strong arrangements.
- 28** Risk management arrangements are effective. Risk management is well integrated with corporate and financial planning and performance management. The Council is actively managing strategic risks such as the effects of the economic and housing market downturns. A new corporate risk register takes account of new or emerging risks and opportunities that impact on the Council. Robust counter-fraud and corruption arrangements are in place. The Council has sound internal control arrangements. The Council's Governance Committee now has responsibility for overseeing, and provides robust challenge of, the Council's risk and audit arrangements.

### **Areas for future focus and development**

- 29** The increasing scale of expected funding cuts is a catalyst for councils requiring a renewed focus on challenging the arrangements for providing back office and frontline services. As part of the Council's response to this, the Council should review and act on the lessons it has learnt from its development and use of shared services to date.

### Managing Resources

- 30** During 2009/10, for the first time, we examined the Council's management of natural resources. The Council understands its use of natural resources and its impact on the environment. It has a sustainability and climate change strategy in place. This includes developing targets and actions to reduce carbon emissions from council buildings and operations. No targets have been set for reducing water consumption, although there is constant monitoring and review of water consumption levels across its sites.
- 31** A Sustainable Procurement Register is in place, which details all areas of expenditure where an environmentally friendly option has been used. Examples include purchase of green electricity, recycling of all paper waste and lighting control throughout the Civic Centre offices. Efforts to reduce staff mileage, e.g. a pool car, pool bikes, home working have resulted in a 15% drop in miles claimed between April 2009 and April 2010, and a subsequent saving of almost £27,000. The Council has targeted initiatives on energy reductions from its Civic Centre building; in 2009/10, 315.37 tonnes CO<sub>2</sub> was produced, down from 428.25 in 2008/9. It is working with the Energy Saving Trust to develop detailed action plans for improving environmental performance.

### Areas for future focus and development

- 32** The Council needs to continue to finalise its action plans for improving environmental performance.

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# Glossary

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## Annual governance statement

**33** A statement of internal control prepared by an audited body and published with the financial statements.

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## Audit closure certificate

**34** A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.

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## Audit opinion

**35** On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

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## Qualified

**36** The auditor has some reservations or concerns.

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## Unqualified

**37** The auditor does not have any reservations.

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## Value for money conclusion

**38** The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

# Appendix 1 – Independent auditor’s report to Members of South Ribble Borough Council

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## Independent auditor’s report to the Members of South Ribble Borough Council

### Opinion on the accounting statements

I have audited the Authority accounting statements and related notes of South Ribble Borough Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the Collection Fund<sup>1</sup> and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of South Ribble Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

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### Respective responsibilities of the Deputy Chief Executive and auditor

The Deputy Chief Executive responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts. My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if

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the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

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### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

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### **Opinion**

In my opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.



**Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

**Authority’s Responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

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**Auditor’s Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009<sup>I</sup> I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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**Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009<sup>II</sup> and the supporting guidance, I am satisfied that, in all significant respects, South Ribble Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

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**Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

**Appendix 1 – Independent auditor’s report to Members of South Ribble Borough Council**

Fiona Blatcher

Engagement Lead

Audit Commission  
Aspinall Close  
Aspinall House  
Middlebrook  
Bolton

22nd September 2010

# Appendix 2 – Amendments to the draft accounts

I identified the following misstatements during my audit and managers have made the necessary adjustments. I bring them to your attention to aid you in fulfilling your governance responsibilities.

Issue	Impact on the accounts
<p><b>Related Party Transactions Note 8</b></p> <p>The figures in the Related Party disclosure note relating to the financing of the shared service arrangement with Chorley were understated.</p> <p>This is merely a disclosure note and has no impact on the Council's financial statements.</p>	<p>The gross expenditure and recharges figure within the note have both been increased by £399,000.</p>
<p><b>Creditors</b></p> <p>As part of our testing of the creditors balance we identified an amount of £88,000 which should have been classified as an earmarked reserve rather than as a creditor. The balance relates to monies received for roundabout sponsorship.</p>	<p>The creditors balance has been reduced by £88,000 with an increase to earmarked reserves of the same amount.</p>
<p><b>Debtors</b></p> <p>The 2008/9 restated debtors balance for both taxpayers and provision for doubtful debts within Note 12 were incorrectly stated by £800,000. The total brought forward debtors figure however was correct.</p> <p>This was merely a classification error which has no impact on this years accounts as it was the brought forward balance from last year.</p>	<p>The restated opening balances for taxpayers and provision for doubtful debts have been amended by £800,000</p>

## Appendix 2 – Amendments to the draft accounts

Issue	Impact on the accounts
<p><b>Cash Flow Statement</b> The figures in the cash flow statement for the movement in debtors and creditors was incorrectly stated by £193,000. The difference between the two nets off to nil meaning that there is no effect on any other figures within the statement.</p>	<p>The movement in debtors and creditors figures within the cash flow statement have been amended by £193,000.</p>
<p><b>Post Balance Sheet Event Note</b></p> <p>There has been a recent announcement about changes in the way in which future local government pension increases will be calculated in future. This will affect the estimate of future pension liabilities reported within the financial statements. The impact that this will have on the Council should be reflected in a post balance sheet event note.</p>	<p>The Post Balance Sheet note now refers to the likely changes to the way the future local government pension increases will be calculated and provides an indication of the potential impact on future pension liabilities.</p>
<p><b>Income and Expenditure Account</b></p> <p>Income received in respect of Area Based Grant of £22,500 has been incorrectly classified within the Income and Expenditure Account as Non Domestic Rates Redistribution rather than within General Government Grants.</p> <p>This is merely a classification error and has no impact on the overall position of the Income and Expenditure Account.</p>	<p>The General Government Grants figure within the Income and Expenditure Account has increased by £22,500 with a similar reduction in the Non Domestic Rates Redistribution balance.</p>

# Appendix 3 – Draft letter of representation

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Ms F Blatcher, District Auditor  
Audit Commission  
2nd Floor Aspinall House  
Aspinall Way  
Middlebrook  
Bolton BL6 6QQ

Dear Fiona

**RE: SOUTH RIBBLE BOROUGH COUNCIL – AUDIT FOR THE YEAR ENDED 31 MARCH 2010**

I understand that auditing standards require you to obtain representations from management on certain matters material to your opinion. Accordingly I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of the Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010.

**Compliance with the statutory authorities**

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements, in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice, which give a true and fair view of the financial position and financial performance of the Council, and for making accurate representations to you.

**Supporting records**

To the best of my knowledge, all the accounting records have been made available to you for the purpose of your audit, and all the transactions undertaken by South Ribble Borough Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and council meetings, have been made available to you.

## **Irregularities**

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

I have disclosed to you my knowledge of any:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I have disclosed to you:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

## **Law, regulations, contractual arrangements and codes of practice**

I am not aware of any actual or potential instances of non-compliance with laws, regulations and codes of practice, likely to have a material effect on the finances or operations of the Council.

## **Fair Values**

I confirm that the presentation and disclosure of the fair value measurements of material assets, liabilities and components of equity are in accordance with the financial reporting framework.

The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable, and appropriately reflect the best estimate of fair value of assets and liabilities required to be disclosed by these standards.

## **Assets**

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

## Appendix 3 – Draft letter of representation

### **Compensating arrangements**

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

### **Contingent liabilities**

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

### **Related party transactions**

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

### **Post balance sheet events**

Since the date of approval of the financial statements by the Governance Committee, the only significant post balance sheet event that I am aware of has been the announcement by the Chancellor of a change in basis for uplifting public sector pensions.

### **Specific representations**

There are no other material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.

### **Unadjusted misstatements in the accounts**

All misstatements identified during the course of the audit have been adjusted.

**Signed on behalf of South Ribble Borough Council:**

Signed: ..... ..

Name: Mike Nuttall

Name: Cllr Graham O'Hare

Position: Deputy Chief Executive

Chair of the Governance Committee

Date: 22 September 2010

Date: 22nd September 2010



# Appendix 4 – Value for money criteria

<b>KLOE</b>	<b>Met</b>
<b>Managing finances</b>	
Planning for financial health	<b>Yes</b>
Understanding costs and achieving efficiencies	<b>Yes</b>
Financial reporting	<b>Yes</b>
<b>Governing the business</b>	
Commissioning and procurement	<b>Yes</b>
Use of information	<b>Yes</b>
Good governance	<b>Yes</b>
Risk management and internal control	<b>Yes</b>
<b>Managing resources</b>	
Natural resources	<b>Yes</b>
Strategic asset management	<b>Yes</b>

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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