

# Annual Audit Letter

Chorley and South Ribble Shared Services  
Joint Committee

Audit 2008/09

November 2009



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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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# Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the 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.

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## Background

- 1 During 2008/09 Chorley and South Ribble Borough Council's agreed to collaborate in the provision of certain services across the administrative areas of both the Councils. Initially the agreement relates to the provision of financial and assurance services. The Councils agreed to arrange for a joint committee to discharge their functions of providing these services and from the 5 January the Chorley and South Ribble Shared Services Joint Committee came into being.

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## Audit Opinion and financial statements

- 2 I gave an unqualified opinion on the financial statements of the joint committee on 30th September concluding that they presented fairly the financial position and the income and expenditure for the period to 31 March 2009.
- 3 The audit has identified some material errors which have been corrected by management. These were considered to be of a one off nature given that this was the first (part) year of operation for the joint committee.

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## .Value for money

- 4 I issued an unqualified conclusion stating that the Joint Committee had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

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**Table 1     Audit fees**

	<b>Actual</b>	<b>Proposed</b>	<b>Variance</b>
	£	£	£
Financial statements and annual governance statement	9,900	9,900	nil
Value for money	2,000	2,000	nil
<b>Total audit fees</b>	<b>11,900</b>	<b>11,900</b>	<b>nil</b>

## Independence

- 5 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

# Financial statements and annual governance statement

**The joint committee's financial statements and annual governance statement are an important means by which the joint committee accounts for its stewardship of public funds.**

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## Significant issues arising from the audit

- 6** I issued an unqualified opinion on the joint committee's accounts on the 30 September. In my opinion the accounts as amended present fairly the joint committee's financial position and its income and expenditure for the year.
- 7** This was the first year of accounts for the joint committee which on this occasion represented only three months of operation. The accounts were produced to an extremely tight timescale and were required to comply fully with the accounting code of practice. Errors have been identified in the accounts but they are of such nature that we would expect there to be a low risk of repetition in future years.
- 8** Material errors were identified and corrected in the statements. These included the correction of errors in the allocation of costs from the respective councils to the work of the partnership, and the inclusion of a share of support costs to the partnership. The net impact of the changes was to increase costs by just over £49,000 resulting in a consequent increase in income from the two Council's to reflect their share of those costs.
- 9** Other non-material adjustments have been made to ensure that the balance sheet now accurately reflects the ledger. A revised Annual Governance Statement has been included which is more appropriate for the Joint Committee. A note to the statements has been added to disclose the audit fee due for 2008/09.
- 10** The Administrative Collaboration Agreement relating to the Partnership indicates that all costs are to be shared equally between the two Councils. However, the direct costs of the Partnership have been allocated on a different basis as set out in Note 1 to the core financial statements. There appeared to have been no formal agreement to this change in methodology of allocation of costs. This was discussed by the Joint Committee at its meeting on 23 September where it was agreed that the actual allocation of costs was appropriate.

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## Material weaknesses in internal control

- 11** I did not identify any significant weaknesses in your internal control arrangements.

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# Value for money conclusion

**I assessed whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.**

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## VFM Conclusion

- 12** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission specifies each year, which are the relevant criteria for the VFM conclusion at each type of audited body.
- 13** I issued an qualified conclusion stating that the joint committee had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 14** The governance framework set up to oversee the shared services is a strong one which should enable the joint committee to provide the desired level of assurance to the respective councils about the operation of the shared services. Given that we have only considered the first three months of operation, we have not been able to fully evaluate the effectiveness of the implementation of those arrangements as yet. This will be a focus of our work in future years.

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# Closing remarks

- 15** I have discussed and agreed this letter with the Treasurer to the Joint Committee. I will present this letter to the joint committee at its meeting on 18 January 2009 and will provide copies to all committee members.
- 16** Further detailed findings and conclusions in the areas covered by our audit are included in the reports issued to the joint committee during the year.

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**Table 2**

<b>Report</b>	<b>Date issued</b>
Annual governance report	September 2009

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- 17** The two Councils have taken a positive and constructive approach to our audit. I wish to thank their staff for their support and co-operation during the audit.

Fiona Blatcher  
Engagement Lead  
November 2009

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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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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212, Fax: 0844 798 2945, Textphone (minicom): 0844 798 2946

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