

# Annual Audit Letter

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**Chorley and South Ribble Shared Services Joint  
Committee**

**Audit 2009/10**

**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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# Key messages

**This report summarises my findings from the 2009/10 audit. My audit comprises two elements:**

- **the audit of your financial statements (page 3); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (pages 4 and 5).**

## Audit opinion and financial statements

**1** I gave an unqualified opinion on the financial statements. The accounts and supporting working papers were of a good quality. A small number of minor amendments were made to the statements to improve clarity and internal consistency.

## Value for money

**2** I gave an unqualified conclusion stating that the Joint Committee had proper arrangements to secure economy, efficiency and effectiveness in the use of resources. During the year, the Joint Committee has overseen the progress of the shared services arrangement and provided effective challenge. This progress is reflected in the shared services' annual report, which indicates a good performance measured against the targets for improvement established at the beginning of the year.

## Current and future challenges

**3** The Comprehensive Spending Review is expected to lead to substantial reductions in local authority spending. The Finance and Assurance Shared Services Partnership is not exempt from these pressures since it represents a significant resource for both councils. The Committee has already reviewed the scope for making savings and improving efficiency in the light of the expected financial reductions. This will need to be kept under review as the picture becomes clearer.

**4** Various changes are planned for the service including the change of IT financial systems. These changes will require effective project management and the joint committee will have an important role in overseeing their effective delivery as well as ensuring clarity about expected outcomes and performance standards against which future performance can be assessed.

# Financial statements and annual governance statement

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

**I gave an unqualified opinion on the Committee's 2009/10 financial statements on 30 September 2010, within the statutory target date.**

## Overall conclusion from the audit

**5** This is the second year of accounts for the Joint Committee, and the first for a full 12 month period. No errors have been identified in the core financial statements. Some minor errors were identified in the wider disclosure notes, largely of a presentational nature, and which have been corrected by management.

**6** I concluded that the statements provided a true and fair view of the transactions of the shared services during 2009/10 and the financial position at 31 March 2010.

## Internal control

**7** The Joint Committee is reliant on the internal control operated by the two councils. I did not identify any significant weaknesses in those internal control arrangements.

# Value for money

**I considered whether the Committee is managing and using its money, time and people to deliver value for money.**

**I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.**

## VFM conclusion

**8** I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

**9** This is a summary of my findings.

Criteria	Adequate arrangements?
<b>Managing finances</b>	
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
<b>Governing the business</b>	
Good governance	Yes
Risk management and internal control	Yes

**10** I issued an unqualified conclusion stating that the Committee had proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## Approach to local value for money work from 2010/11

**11** Given the scale of pressures facing public bodies in the current economic climate, the Audit Commission has been reviewing its work programme for 2010/11 onwards.

**12** For 2010/11 the approach to reviewing VFM for small bodies such as joint committees remains unchanged although the criteria have been re-specified to give a stronger emphasis to financial management. Hence for 2010/11 we will review the Joint Committees arrangements for financial planning but will not assess the governance arrangements. The other criteria to be assessed remain the same. I will continue to ensure my work is carried out as efficiently as possible taking into account the relatively simple nature of the Joint Committee and its responsibilities.

**13** The Commission will set out the approach for 2011/12 for these types of bodies in its Work Programme and Scale of Fees consultation document. The Commission intends to issue this document later in 2010.

## Closing remarks

**14** I have discussed and agreed this letter with the Treasurer I will present this letter at the Joint Committee meeting on 24 January 2011 and will provide copies to all members.

**15** Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Council during the year.

Report	Date issued
Audit Plan	June and December 2009
Annual governance report	September 2010
Audit Opinion	September 2010
VFM conclusion	September 2010
Annual Letter	November 2010

**16** Officers have taken a positive and helpful approach to our audit. I wish to thank them for their support and cooperation during the audit.

Fiona Blatcher  
Engagement Lead

November 2010



# Appendix 1 Glossary

## **Annual governance statement**

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

## **Audit opinion**

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.

## **Financial statements**

The annual accounts and accompanying notes.

## **Qualified**

The auditor has some reservations or concerns.

## **Unqualified**

The auditor does not have any reservations.

## **Value for money conclusion**

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 money, people and time.

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