

Annual governance report

Ribble Valley Borough Council

Audit 2011/12



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Key messages

This report summarises the findings from the 2011/12 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.

Financial statements

As at 22 August 2012 I expect to issue an unqualified audit opinion.

The financial statements were prepared to a good standard and submitted for audit by the deadline of 30 June 2012. The financial statements contained two material errors set out on page 5 below and in Appendix 2.

Working papers to support the financial statements were good and were provided at the start of the audit. Audit queries were answered on a timely basis.

Value for money (VFM)

I expect to conclude that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

The Council has good systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position.

The Council is prioritising its resources within tighter budgets by achieving cost reductions and by improving efficiency and productivity.

Certificate

I am unable to issue the certificate to close the audit until our work on the Council's Whole of Government Accounts return is concluded. I expect to complete the outstanding work and report my findings to management by 31 August 2012. I plan to issue my certificate soon after that, and before the deadline of 30 September 2012.

Before I give my opinion and conclusion

My report includes only matters of governance interest that have come to my attention in performing my audit. I have not designed my audit to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Authority during 2010/12.

I ask the Audit Committee to:

- take note of the adjustments to the financial statements included in this report (appendix 2); and
- approve the letter of representation (appendix 3), on behalf of the Authority before I issue my opinion and conclusion.

Financial statements

The Authority's financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. As elected 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.

Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, 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.

Corrected errors

Appendix 2 details the errors I identified in the financial statements which management have chosen to correct. This includes two material errors identified during my audit.

One of the Council's assets – the Edisford all weather pitch – was classified in the accounts as a community asset at a value of £712k. The asset was being depreciated and had been allocated a 'useful life'. CIPFA guidance states that community assets have no determinable useful life. The asset should be classed as land & buildings in the accounts. The accounts have been amended to correct the error. This was a misclassification error and had no overall effect on the Comprehensive Income and Expenditure Account (CIES) or on the Balance Sheet.

The second material error related to an inconsistency between the CIES and note 33. The figure for actuarial gains and losses on the pension scheme on the CIES was £2.859m but the corresponding figure in note 33 was £1.429m. The accounts have been amended to show the correct figure of £2.859m in note 33. This had no overall effect on the Comprehensive Income and Expenditure Account (CIES) or on the Balance Sheet.

Significant risks and my findings

I reported to you in my Audit Plan the significant risks that I identified relevant to my audit of your financial statements. In Table 1 I report to you my findings against each of these risks.

Table 1: **Risks and findings**

Risk	Finding
<p>Heritage Assets</p> <p>The 2011/12 Code adopts the requirements of FRS 30 Heritage Assets. There is a risk that the Authority may be unable to identify and account for all heritage assets due to 2011/12 being the first year of the requirements. The amounts involved are expected to be material and a high degree of subjectivity and estimation will be applied in the valuation.</p> <p>A heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. For Ribble Valley Borough Council this is likely to include:</p> <ul style="list-style-type: none"> ■ The Castle Keep at Clitheroe ■ Clitheroe Castle Museum collection ■ Civic Regalia ■ The Roman Bath site at Ribchester 	<p>I evaluated the management controls you have in place to recognise and value heritage assets.</p> <p>I undertook testing to check that the Authority has accounted for heritage assets in accordance with FRS 30 and the Code and the financial statements are materially stated.</p> <p>My testing has not identified any significant issues to bring to your attention.</p>
<p>Pension Fund valuation and accounting.</p> <p>The Authority's accounts include material figures in respect of pension liabilities and transactions for the year. These figures are an estimation made by a professional actuary.</p>	<p>I reviewed your controls over establishing estimates, including arrangements for instructing your actuary and controls over information provided to the actuary.</p> <p>I carried out audit procedures for reliance on the work of the actuary.</p> <p>I agreed accounting entries and disclosure within the accounts to the actuarial statement.</p>

Risk

Finding

My testing has not identified any significant issues to bring to your attention other than the error reported above.

Significant weaknesses in internal control

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. My responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

I have tested the controls of the Authority only to the extent necessary for me to complete my audit. I am not expressing an opinion on the overall effectiveness of internal control. I have reviewed the Annual Governance Statement and can confirm that:

- it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- it is consistent with other information that I am aware of from my audit of the financial statements.

My work has not identified any weaknesses in internal control.

Other matters

I am required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Authority's financial reporting process including the following:

- Qualitative aspects of your accounting practices
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions.
- Other audit matters of governance interest

Table 2 sets out the issues I have identified in relation to the above.

Table 2: **Other matters**

Issue	Finding
Accounting policy – Heritage Assets	I identified scope to improve the disclosure of the Council's Heritage Asset accounting policy. The policy did not set out the Council's policy on the preservation and management of Heritage Assets. In addition, the policy should include a description of the records maintained by the Council of its collection and the extent to which access to the assets is permitted. The accounts have been amended to expand the policy to include the requirements above.
Exit Package disclosure	There is a new disclosure requirement for 2011/12 to disclose exit packages in a note to the accounts. There was no note included in the accounts. The accounts have been amended to include the appropriate disclosure.
Internal consistency	A small number of amendments were made to the accounts to ensure internal consistency.
Note 3 – Estimation Uncertainties	Note 3 sets out sources of estimation uncertainty. One of the examples give in the Code of Practice is Property, Plant and Equipment (PPE) in relation to the useful live of assets and the possibility that due to constraints on funding, repairs and maintenance may get postponed and impact on the remaining lives of the asset. Note 3 does not currently include this and we recommend it is included in future.

Whole of Government Accounts

Alongside my work on the financial statements, I also review and report to the National Audit Office on your Whole of Government Accounts return. As at 22 August 2012 I have not completed the procedures specified by the National Audit Office (NAO). I expect to complete my work soon and to report to the NAO by 30 September 2012.

Value for money

I am required to conclude whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion.

I assess your arrangements against the two criteria specified by the Commission. In my Audit Plan I reported to you that I had not identified any significant risks that were relevant to my conclusion. I have set out below my conclusion on the two criteria.

I intend to issue an unqualified conclusion stating that the Authority has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. I include my draft conclusion in Appendix 1.

Table 3: **Value for money conclusion criteria and my findings**

Criteria	Findings
<p>1. Financial resilience</p> <p>The organisation has proper arrangements in place to secure financial resilience.</p> <p>Focus for 2011/12:</p> <p>The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</p>	<p>2011/12 has continued to present a significant financial management challenge to the Council. The leadership team understands this challenge and the risks associated with it. Officers are addressing these risks and taking appropriate action to ensure a continuing stable financial position.</p> <p>The Council has reviewed its Medium Term Financial Plan (MTFP) and updated this to reflect future priorities and the resources needed to deliver them. The MTFP sets out the Council's strategic objectives and priorities for the year, and over the longer term.</p> <p>Linked to this is the annual budget process. The Council set a balanced budget for 2011/12 and achieved its planned savings. Sound financial monitoring processes at the Council ensures there is a clear link between the budget, in-year forecasts and actual year-end position. Potential variances are identified at an early stage and action taken to correct these and any</p>

Criteria

Findings

emerging budget pressures.

The Council's capital programme links to Council priorities and is reviewed regularly. The treasury management strategy is approved annually in line with the Prudential Code and performance is monitored every quarter. The Council operates within a level of reserves and balances (including earmarked reserves and the general fund balance), approved by members, and appropriate to the strategic, operational and financial risks it faces.

The audit committee provides effective challenge across the organisation and assurance on the arrangements for risk management, maintaining effective internal control, and reporting on financial and other performance.

2. Securing economy efficiency and effectiveness

The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Focus for 2011/12:

The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

The Council has managed its finances in order to achieve planned savings for 2011/12. The Council has put in place monitoring arrangements to ensure planned efficiencies are achieved, and to assess any potential impact on performance. There are no indications that the achievement of savings has adversely impacted on Council performance or the delivery of key services to date.

The Council continues to re-evaluate its strategic priorities over the short, medium, and longer term and to identify opportunities for savings. Information processes within the Council produce relevant comparative information on costs and performance. This is used to evaluate options for savings and potential impact.

The Council assess its performance against similar councils. There are mechanisms in place to obtain input from or consultation with front-line staff and local residents to identify local priorities for spending.

Fees

I reported my planned audit fee in the Audit Plan.

I will complete the audit within the planned fee.

Table 4: Fees

	Planned fee 2011/12 (£)	Expected fee 2011/12 (£)
Audit	87,837	80,810
Claims and returns	22,470 (estimate)	22,470 (estimate)
Total	110,307	103,280

The Audit Commission has paid a rebate of £7,027 on the audit fee to reflect attaining internal efficiency savings, reducing the net amount payable to the Audit Commission to £80,810.

Appendix 1 – Draft independent auditor’s report

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF RIBBLE VALLEY BOROUGH COUNCIL

Opinion on the Authority financial statements

I have audited the financial statements of Ribble Valley Borough Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Ribble Valley Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Director of Resources’ Responsibilities, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Resources; and the overall presentation of the financial statements. In addition, I read all the

financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Ribble Valley Borough Council as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

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 to review regularly the adequacy and effectiveness of these arrangements.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements 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 relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Ribble Valley Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Certificate

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

Karen Murray

District Auditor

Audit Commission

2nd Floor

Aspinall House

Aspinall Close

Middlebrook

Bolton

BL6 6QQ.

Date:

Appendix 2 – Corrected errors

I identified the following errors during the audit which management have addressed in the revised financial statements.

		Statement of comprehensive income and expenditure		Balance sheet	
Item of account	Nature of error	Dr £'000s	Cr £'000s	Dr £'000s	Cr £'000s
Note 8 Fixed Assets	One of the Council's assets – the Edisford all weather pitch – was classed in the accounts as a community asset at a value of £712k. The asset was being depreciated and had been allocated a 'useful life'. CIPFA guidance states that community assets have no determinable useful life. The asset should be classed as land & buildings in the accounts. This was a misclassification error and had no overall effect on the Comprehensive Income and Expenditure Account (CIES) or on the Balance Sheet. The accounts have been amended to correct the error.	None	None	Other land & building £712k	Community Assets £712k
Note 33 - Pensions	There was an inconsistency between the CIES and note 33. The figure for actuarial gains and losses on the pension scheme on the CIES was £2.859m but the corresponding figure in note 33 was £1.429m. The accounts have been amended to show the correct figure of	None	None	None	None

		Statement of comprehensive income and expenditure		Balance sheet	
	£2.859m in note 33. This had no overall effect on the Comprehensive Income and Expenditure Account (CIES) or on the Balance Sheet.				
Cash Flow Statement	Review of the Cash Flow Statement identified the adjustments for depreciation and pension liability required to be included in the 'Adjustments for non cash movements' line had been excluded. The accounts have been corrected to include the required items and the amount on the face of the Cash Flow Statement for non cash movements has been amended from -£1,436,721 to -£1,629,692. This had no overall effect on the Comprehensive Income and Expenditure Account (CIES) or on the Balance Sheet.	None	None	None	None
Cash Flow Statement	The net proceeds of £193k from disposal of fixed assets were included in the incorrect line within the Cash Flow Statement. This had no overall effect on the Comprehensive Income and Expenditure Account (CIES) or on the Balance Sheet.	None	None	None	None
Note 12 – Financial Instruments	The disclosure of financial instruments should for completeness include cash, petty cash and bank figures which are in	None	None	None	None

		Statement of comprehensive income and expenditure		Balance sheet	
	the Balance Sheet. The note has been amended to include the correct figures. This had no overall effect on the Comprehensive Income and Expenditure Account (CIES) or on the Balance Sheet.				
Explanatory Foreword	Page 9 showed expenditure to be financed for the year of £7.323m. This should have been £6.902m. This was a disclosure error only and the Explanatory Foreword has been corrected.	None	None	None	None
Explanatory Foreword	The table on page 4 sets out Committee budget and expenditure for the year. Figures in relation to Policy & Finance and Net Transfer to/from earmarked reserves have been amended in relation to the Performance Reward Grant which had been incorrectly categorised in the table.	None	None	None	None
Long term Debtors	Long term debtors include a loan of £347k to Roefield Leisure. Repayment is approx £13.5k per annum. As £13.5k is due within one year it should be classified within short term debtors. This is a misclassification and has no overall effect on the CIES or Balance Sheet.	None	None	Dr Short term debtors £13.5k	Cr Long term debtors £13.5k

Appendix 3 – Draft letter of management representation

Ribble Valley Borough Council - Audit for the 2011/12 year ended 31 March 2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors of Ribble Valley Borough Council, the following representations given to you in connection with your audit of the Authority's financial statements for the 2011/12 year ended 31 March 2012.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Authority, for the completeness of the information provided to you, and for making accurate representations to you.

Uncorrected misstatements

There are no uncorrected misstatements.

Supporting records

I have made available all relevant information and access to persons within the Authority for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Authority.

Irregularities

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

I also confirm that I have disclosed:

- 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;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and

- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Authority has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Related party transactions

I confirm that I have disclosed the identity of the Authority's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of Ribble Valley Borough Council

I confirm that this letter has been discussed and agreed by the Accounts and Audit Committee on 22 August 2012.

Signed

Name

Position

Date

Appendix 4 – Glossary

Annual Audit Letter

Letter issued by the auditor to the Authority after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

Annual Governance Report

The auditor's report on matters arising from the audit of the financial statements presented to those charged with governance before the auditor issues their opinion [and conclusion].

Annual Governance Statement

The annual report on the Authority's systems of internal control that supports the achievement of the Authority's policies aims and objectives.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts that the Authority is required to prepare, which report the financial performance and financial position of the Authority in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Group accounts

Consolidated financial statements of an Authority and its subsidiaries, associates and jointly controlled entities.

Internal control

The whole system of controls, financial and otherwise, that the Authority establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as 'an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor's report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement

within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

Significance

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the financial statements. Significance has both qualitative and quantitative aspects.

Those charged with governance

Those entrusted with the supervision, control and direction of the Authority. This term includes the members of the Authority and its Audit Committee.

Whole of Government Accounts

A project leading to a set of consolidated accounts for the entire UK public sector on commercial accounting principles. The Authority must submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, its financial statements.

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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.

