

Annual governance report

ITEM 14

North Yorkshire

Any Fire and Rescue Authority

Audit 2010/11



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Key messages

This report summarises the findings from the 2010/11 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.

	Our findings
Unqualified audit opinion	Yes
Proper arrangements to secure value for money	Yes

Audit opinion and financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. I identified few errors, which are non material and will not

impact on the surplus or reserves. One material presentational error was amended. The Authority provided good quality accounts and working papers in electronic format.

Value for money

I plan to issue an unqualified VFM conclusion on the Authority's arrangements to secure value for money in its use of resources.

Before I complete my audit

I confirm to you that there are no relationships which have threatened independence and we have not undertaken any non audit work.

My report 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.

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 can also confirm there were no relationships resulting in a threat to independence, objectivity and integrity.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Authority during 2010/11.

I ask you to confirm to me that you have considered the issues in my report and have approved the letter of representation.

I ask the Audit, Performance and Review Committee to:

- consider the matters raised in the report before approving the financial statements ;
 - take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
 - agree to adjust the errors in the financial statements I have identified, which management has declined to amend or set out the reason for not amending the error (appendix 3);
 - approve the letter of representation, provided alongside this report, on behalf of the Authority before I issue my opinion and conclusion
-

Financial statements

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 report.

Errors in the financial statements

Appendix 2 contains details of errors that I identified during the audit and were corrected by your officers. The main change was to show past service gains arising from the change from RPI to CPI in valuing future pension liabilities as a material item (in line with Accounting Standards) on a separate line within cost of services instead of being part of non distributed costs.

Appendix 3 contains details of errors and uncertainties that have not been corrected by your officers. I request you to agree to adjust the errors in the financial statements I have identified, which management has declined to amend or set out the reasons for not amending the errors in the Letter of Representation. These errors are not significant and either individually or in aggregate do not impact on the opinion.

Financial statements

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

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

Key audit risk and our findings

Key audit risk	Finding
<p>1. Impairments</p> <p>The 2010 IFRS Code changed the approach to valuing and accounting for impairments on property, plant and equipment. There is a risk that these complex issues might not be accounted for properly, giving rise to a material mis-statement.</p>	<p>We reviewed impairments as part of our detailed work on the new accounting requirements associated with property, plant and equipment (PPE). During the year, the Authority accounted for an impairment loss of £2.1 million on the Northallerton Fire Station. We reviewed the basis for this figure and the Authority's accounting treatment which followed that outlined by the Code.</p>
<p>2. IFRS implementation</p> <p>The application of International Financial Reporting Standards (IFRS) in 2010/11 required significant change to the primary statements and associated notes, both in number and complexity. Due to the scale of the changes, there was an increased risk of material mis-statement.</p>	<p>The Authority responded well to the changes, providing restated accounts for prior years at an early stage for audit in advance of the final statements being drafted. We did not identify any significant errors or uncertainties arising from the changes.</p>

Financial statements

Quality of your financial statements

I consider aspects of your accounting practices, accounting policies, accounting estimates and financial statements disclosures.

There are no matters on the quality of your financial statements which I wish to bring to your attention.

Letter of representation

Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. I expect to receive this back from you at the Audit and Performance Review Committee meeting on 26 September.

Value for money

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

I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against two criteria specified by the Audit Commission.

I intend to issue an unqualified conclusion stating that the Authority has proper arrangements to secure economy, efficiency and effectiveness in your use of resources. My conclusions on each of the two areas is set out below.

Value for money criteria and our findings

Criterion	Findings
<p>1. Financial resilience</p> <p>The organisation has proper arrangements in place to secure financial resilience.</p> <p>Focus for 2010/11:</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>The Authority's spend per head is low compared with its statistical and local neighbours. In addition, gross and net expenditure on the Authority's fire services has fallen consistently each year in real terms since 2005/06. North Yorkshire's gross and net spend per 1000 population on fire services in 2009/10 were both within the lowest twenty five per cent of Fire Authorities nationally.</p> <p>During the past three years up to 2010/11, the Authority has achieved cashable efficiency savings of £1million. This has helped to deliver both cost savings and fire services which deliver better value for money for local people. However, the scale of the efficiency savings that the Authority will need to make between 2011 and 2015 will be a significant challenge. Officers anticipate having to make savings of £2.8 million to £3.7 million in this period. Taking into account inflation, the required efficiency savings could reach £4.5 million.</p> <p>The Government has announced the first two years of the Comprehensive Spending Review (CSR) funding settlement in December 2010, and officers have made detailed projections using Treasury</p>

Criterion	Findings
<p>1. Financial resilience (continued)</p> <p>The organisation has proper arrangements in place to secure financial resilience.</p>	<p>forecasts, to determine the level of savings required for 2013-2015 and beyond.</p> <p>There have been improvements in the way the Authority manages its finances, including a more corporate approach to identifying and achieving deliverable efficiency savings. Using this process, officers continue to plan and investigate the potential for the required level of efficiency savings. The Authority has identified lead managers and expected yields for a number of efficiency projects. These cover all aspects of the Authority's business and require business cases to be approved by the Corporate Management Team, although the annual phasing needs to be refined. Some of the projects are at an early stage in development and do not yet have business cases.</p>
<p>2. Securing economy efficiency and effectiveness</p> <p>The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</p> <p>Focus for 2010/11:</p> <p>The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.</p>	<p>The Authority is prioritising its resources within tighter budgets, by achieving cost reductions. Senior officers have led in identifying savings and exploring new options. Action taken to date shows the Medium Term Financial Strategy is being delivered in line with the Integrated Risk Management Plan. The Authority has also encouraged staff to offer suggestions for efficiency savings, such as on the crewing project.</p> <p>The Authority has frozen recruitment of full time firefighters and there has been an eight per cent reduction in administrative staff through voluntary retirement. The proposed crewing project will also impact on staffing numbers as will other proposals. However, in the short term, the Authority's ability to achieve staffing savings is restrained by its proportion of retained staff and the leaving profile of its firefighters.</p> <p>The Authority has improved efficiency and productivity through many of the steps outlined above. In addition, it has reduced staff sickness significantly over recent years. A Station Productivity system was introduced in 2009/10 and was evaluated in the current year, with a report considered by the Audit & Performance Review Committee in April 2010. On the basis of the first year, an overall productivity target of 95% has been set for 2010/11 to focus on core tasks and priority workloads. These have been monitored throughout the year and show significant improvements in productivity across the service.</p>

Appendix 1 – Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH YORKSHIRE FIRE AND RESCUE AUTHORITY

Opinion on the Authority's accounting statements

I have audited the accounting statements and the firefighters pension fund accounting statements of North Yorkshire Fire and Rescue Authority for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. The firefighters pension fund accounting statements comprise the Fund Account, the Net Assets Statement 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 North Yorkshire Fire and Rescue Authority 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 Finance and Service Development and auditor

As explained more fully in the Statement of Responsibilities, the Director of Finance and Service Development is responsible for the preparation of the Authority's Statement of Accounts including the firefighters pension accounting statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit 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 Practice's 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 accounting statements sufficient to give reasonable assurance that the accounting 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 and Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority and the Pension Fund; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of North Yorkshire Fire and Rescue Authority's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- give a true and fair view of the firefighters' pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's 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 to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

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.

Basis of conclusion

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 2010, 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 2011.

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 2010, I am satisfied that, in all significant respects, North Yorkshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts including the firefighters' pension fund accounting statements of North Yorkshire Fire and Rescue Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Lynne Snowball

Officer of the Audit Commission

Audit Commission

2nd Floor

Nickalls House

GATESHEAD

NE11 9NH

26 September 2011

Appendix 2 – Amendments to the draft financial statements

I identified the following misstatements during my audit and management have adjusted the financial statements. I bring them to your attention to aid you in fulfilling your governance responsibilities.

Adjusted misstatement	Nature of adjustment	Comprehensive income and expenditure statement		Balance sheet	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Movement in Reserves Statement (MiRS) & Note 23	The figure for transfers to earmarked reserves was amended in the MiRS to agree with that shown in Note 23. This error was identified by officers.	-	-	-	-
Note 20 Creditors	This was a misclassification error, whereby the amount shown for other local authorities was overstated by £0.17million and other entities and individuals was understated by £0.17 million which has now been corrected.	-	-	-	-
Comprehensive Income & Expenditure Statement (CIES)	£27.349 million of past service gains arising from a change in valuation of	-	-	-	-

Comprehensive income and
expenditure statement

Balance sheet

pension fund liabilities from RPI to CPI is now shown on a separate line within Cost of Services rather as part of Non Distributed Costs.

Adjusted misstatement	Nature of adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
Balance Sheet	A net book value as at 1/4/09 has been provided in Note 10 to show that the values for Vehicles and PPE agree with the Balance Sheet comparatives.	-	-	-	-
Note 31 Related Party Transactions	The note had typographical errors, which have been corrected.	-	-	-	-
Note 32 Defined Benefit Schemes	The current service costs reported in the assets and liabilities in relation to the post employment benefits table has been reworded to show transfers in separately.	-	-	-	-

Appendix 3 – Unadjusted misstatements to the financial statements

I identified the following misstatements during my audit, but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities and ask you to correct these misstatements.

If you decide not to amend, please tell me why in the representation letter. If you believe the effect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

		Comprehensive income and expenditure statement		Balance sheet	
Unadjusted misstatement	Nature of required adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
Note 32 Defined Benefit Schemes	The old and new firefighter pension schemes should be shown separately, as they are material. (The Authority has agreed to show both schemes separately in the 2011/12 accounts)	-	-	-	-

		Comprehensive income and expenditure statement		Balance sheet	
Unadjusted misstatement	Nature of required adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
Notes 15 (PFI) and 35 (Financial Instruments)	There were two areas where the accounts don't reflect the restated balances. In notes 15 and 35, 2008/09 restated balances were not shown. All Balance Sheet Notes should have 3 years shown. However, the headline figures are reflected in the Balance Sheet itself.				

Appendix 4 – Letter of Representation

Draft letter of representation

To: Lynne Snowball
District Auditor
Audit Commission
3 Leeds City Office Business Park
Holbeck
Leeds
LS11 5BD

North Yorkshire Fire and Rescue Authority - Audit for the year ended 31 March 2011

We confirm to the best of our knowledge and belief, having made appropriate enquiries of other officers of North Yorkshire Fire and Rescue Authority, the following representations given to you in respect of your audit of the Authority's financial statements for the year ended 31 March 2011.

Audit Information

As far as we are aware:

- There is no relevant audit information of which you are unaware
- We have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that you are aware of that information.

Compliance with the statutory authorities

We acknowledge our responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11: based on International Financial Reporting Standards which gives a true and fair view of the financial position and financial performance of the Authority and for making accurate representations to you.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Authority and Committee meetings, have been made available to you.

Accounting Estimates

We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with the 2010/11 Code, we selected the one that we considered to be the most appropriate to the Authority's particular circumstances for the purpose of giving a 'true and fair' view. Those estimates reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take. We believe that adequate provisions have been established:

- for any impairment losses identified in relation to tangible fixed assets.

On the basis of the process we have established to enable us to include the information required by IAS 19 'Retirement Benefits' in our financial statements, and having made appropriate enquiries, we confirm that we are satisfied that the actuarial assumptions underlying the valuation of scheme liabilities are consistent with our knowledge of the business. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for, including any arrangements that are statutory, contractual or implicit in the employer's actions that arise in the UK or overseas, that are funded or unfunded.

Irregularities

We acknowledge our responsibilities for the design and implementation of internal control systems to prevent and detect fraud and error.

There have been no:

- 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.

We also confirm that we have disclosed to you:

- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
- our 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
- our knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

We are not aware of any instances of actual or possible non-compliance with laws, regulations, agreements and codes of practice, likely to have a significant effect on the finances or operations of the 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. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

We confirm the reasonableness of the significant assumptions within the financial statements. For the fair value assumption, we confirm:

- the appropriateness of the measurement method, which are our best estimate of the fair value of assets and liabilities required to be disclosed by these standards;
- the basis used by management to overcome the presumption under the financial reporting framework;
- the completeness and appropriateness of the Financial Reporting framework; and
- if subsequent events require/do not require adjustment to the fair value measurement.

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 that have been assigned, mortgaged or pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. Except as disclosed, the financial statements have no other lines of credit arrangements.

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. In particular, there are no claims or legal proceedings or other matters which may lead to a loss falling on the Authority or which could result in the creation of an unrecorded asset, that should be disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements;
- no financial guarantees have been given to third parties, other than already disclosed in the financial statements;
- there are no unrecorded liabilities, actual or contingent.

Related party transactions

We 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 certification of the financial statements by the Director of Finance and Service Development, the Authority has no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

The Authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Financial Statements

We acknowledge our responsibilities under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011 and wider UK accounting standards, which presents a true and fair view of the financial position and financial performance of the Authority and for making accurate representations to you. In particular, we believe that:

- there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure
- we have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements

- all known liabilities in respect of equal pay/value have been recognised in the accounts
- we have compiled our accounts in accordance with FRS 5 Application Note G ('revenue recognition'). We have recognised income when we have obtained the right to consideration following the fulfilment of contractual obligations concerning the supply of goods and services
- we believe that the Authority's financial statements should be prepared on a going concern basis, on the grounds that current and future sources of funding or support will be adequate for the Authority's needs. We believe that as at 26 September 2011, no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements.

Specific Assurances

In response to the specific assurances you have requested in the report to members, we confirm that:

- there are no material misstatements or omissions
- there are no material weaknesses in the internal control framework.

We confirm that this letter has been discussed and agreed by the Audit, Performance and Review Committee on 26 September 2011.

Signed on behalf of North Yorkshire Fire and Rescue Authority.

Signed

Name

Position

Date

Appendix 5 – Glossary

Annual governance statement

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

Audit closure certificate

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 financial statements.

Audit opinion

On completion of the audit of the financial statements, I must give my 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; and
- whether they have been prepared properly, following the relevant accounting rules.

Opinion

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

Materiality and significance

The Auditing Practices Board (APB) defines this concept as ‘an expression of the relative significance or importance of a particular matter for the financial statements as a whole. A matter is material if its omission would reasonably influence users of the financial statements, such as the addressees of the auditor’s report; also a misstatement is material if it would have a similar influence. Materiality may also be considered for any individual primary statement within the financial statements or of individual items included in them. We cannot define materiality mathematically, as it has both numerical and non-numerical 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’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements. Significance has both qualitative and quantitative aspects.

Weaknesses in internal control

A weakness in internal control exists when:

- a control is designed, set up or used in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements quickly; or
- a control necessary to prevent, or detect and correct, misstatements in the financial statements quickly is missing.

An important weakness in internal control is a weakness, or a combination of weaknesses that, in my professional judgement, are important enough that I should report them to you.

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 resources based on criteria specified by the Audit Commission.

The Code of Audit Practice defines proper arrangements as corporate performance management and financial management arrangements that form a key part of the system of internal control. These comprise the arrangements for:

- planning finances effectively to deliver strategic priorities and secure sound financial health;
- having a sound understanding of costs and performance and achieving efficiencies in activities;
- reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people;
- commissioning and buying quality services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money;

- producing relevant and reliable data and information to support decision making and manage performance;
- promoting and displaying the principles and values of good governance;
- managing risks and maintaining a sound system of internal control;
- making effective use of natural resources;
- managing assets effectively to help deliver strategic priorities and service needs; and
- planning, organising and developing the workforce effectively to support the achievement of strategic priorities.

If I find that the audited body had adequate arrangements, I issue an unqualified conclusion. If I find that it did not, I issue a qualified conclusion.

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0844 798 7070

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

