

# **Annual governance report**

**Newcastle under Lyme Borough Council**

**Audit 2010/11**

**The Audit Commission is a public corporation set up in 1983 to protect the public purse.**

**The Commission appoints auditors to councils, NHS bodies (excluding NHS Foundation trusts), police authorities and other local public services in England, and oversees their work. The auditors we appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.**

**We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.**

# Contents

<b>Key messages</b> .....	<b>3</b>
Audit opinion .....	3
Financial statements .....	3
Value for money .....	4
Independence .....	4
<b>Next steps</b> .....	<b>5</b>
<b>Financial statements</b> .....	<b>6</b>
<b>Value for money</b> .....	<b>9</b>
<b>Appendix 1 Draft independent auditor's report to Members of Newcastle under Lyme Borough Council</b> .....	<b>10</b>
Opinion on the Authority accounting statements .....	10
Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources .....	11
<b>Appendix 2 Amendments to the draft financial statements</b> .....	<b>13</b>
<b>Appendix 3 Unadjusted misstatements in the financial statements</b> .....	<b>15</b>
<b>Appendix 4 Draft letter of representation</b> .....	<b>16</b>
<b>Appendix 5 Glossary</b> .....	<b>19</b>
<b>Appendix 6 Action Plan</b> .....	<b>22</b>

Ladies and Gentlemen

**2010/11 Annual Governance Report**

I am pleased to present the results of my audit work for 2010/11.

I discussed and agreed a draft of my report with the Executive Director (Resources and Support Services) on 12 September 2011 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 6 to 10);
- note the adjustments to the financial statements set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified that, after consideration, management are not proposing to adjust in 2010/11 or, if you concur with management and decide not to adjust for this, please set out your reasons in the representation letter (Appendix 4); and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4).

Yours faithfully

Tony Corcoran

District Auditor

Date 26 September 2011

# Key messages

**This report summarises the findings from the 2010/11 audit which is 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.**

Table 1: **Key messages - financial statements**

Financial statements	Results	Page
Unqualified audit opinion	Yes	6
No important weaknesses in internal control	Yes	8

Table 2: **Key messages - value for money**

Value for money		
Proper arrangements to secure value for money	Yes	9

## Audit opinion

- 1 I have completed my audit of Newcastle under Lyme Borough Council's Statement of Accounts for the year ended 31 March 2011.
- 2 I can confirm that I will be issuing an audit report including an unqualified opinion on the financial statements.

## Financial statements

3 This has been a good year for the finance team. The Head of Finance has a good understanding of the requirements of International Financial Reporting Standards (IRFS). During this time there were also uncertainties in relation to your future funding arising from the Comprehensive Spending Review. In my view, your team has performed extremely well, dealing with these challenges while preparing the statement of accounts with a reduction in the number of errors from last year. The finance team have been very constructive in working to address any matters raised. I can report the

amendments to the accounts have not led to a change in the amount to be funded by Council Tax Payers through the precept.

**4** I have not identified any material misstatements in your accounts and management has agreed to amend the majority of the other non-trifling misstatements identified as part of the audit process. These changes have been detailed in Appendix 2 for completeness.

**5** I have also identified two non material misstatements which, after consideration, management are not proposing to adjust in 2010/11 but will review in 2011/12. These are detailed in Appendix 3. I am required to bring this to your attention so that you may consider amending the financial statements. If you concur with management and decide not to adjust for these please set out your reasons in the representation letter.

## **Value for money**

**6** I have completed my audit of Newcastle under Lyme Borough Council's Value for Money arrangements for the year ended 31 March 2011.

**7** I will issue an unqualified conclusion stating the Authority had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

## **Independence**

**8** I can confirm that I have complied with the Audit Practice 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.

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

## 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.**

**10** I ask the Audit and Risk Committee to:

- consider the matters raised in the report before approving the financial statements (pages 6 to 10);
- note the adjustments to the financial statements set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified that, after consideration, management are not proposing to adjust in 2010/11 or, if you concur with management and decide not to adjust for these, please set out your reasons in the representation letter (Appendix 4); and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4).

# Financial statements

**The Council's financial statements and annual governance statement are an 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.**

## Opinion on the financial statements

**11** 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.

## Key areas of judgement and audit risk

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

---

Table 3: **Key areas of judgement and audit risk**

Issue or risk	Finding
The Council was facing significant uncertainties that could have affected its medium term financial health. Income from fees and charges was reducing and there was uncertainty about future funding streams.	The settlement received by the Council for 2011/12 and 2012/13 although challenging, was as you expected. You have undertaken significant work to re-engineer your services and make significant annual savings that should leave you relatively robustly positioned for the future. Although car park income is below budget, a car park review is being undertaken.
The Council was preparing its accounts in line with the requirements of IFRS for the first time. There was a risk that the transition to IFRS could prove difficult for the Council	You achieved the re-statement of your previous year's accounts effectively. I have carried out a significant number of additional tests to confirm the accuracy of your restatements and ensure the materially correct statement of this year's accounts. I found few errors in your draft accounts.



Issue or risk	Finding
<p>The Council has £2.5m invested with the Heritable, an Icelandic bank that has gone into administration.</p>	<p>Latest reports indicate that a significant proportion of the investment will be returned over the next few years. Over £1m has so far been returned. The Council has sufficient reserves to cope with the anticipated loss and has made appropriate allowances within its Medium Term Financial Strategy.</p>
<p>The Council implemented a new benefits system during the year. There was a risk that this could have an adverse affect on the benefits service or the reliability of the accounting figures produced by the system during the transition period.</p>	<p>We will review the accuracy of benefit payments as part of our review, however work undertaken reviewing the transition between system indicated that the process went relatively smoothly.</p>
<p>You are replacing the old Jubilee Swimming Baths with a new facility. This is a major project with attendant risks to budgets and timescales.</p>	<p>The project is now substantially complete and monitoring indicates that it will be delivered within budget and to expected timescales.</p>

### Quality of your financial statements

**13** I consider aspects of your accounting practices, accounting policies, accounting estimates and financial statement disclosures. I would like to recognise the hard work of the accountancy team in improving the accounts closedown process this year. You produced the accounts within the closedown timescales and statutory deadlines and further improved the working papers. As a result of the improvements, I have found fewer audit differences in the financial statements than last year.

### Errors in the financial statements

**14** If I have identified any material misstatements which have been corrected by management, auditing standards require that I bring these to your attention in order to assist you in fulfilling your governance responsibilities.

**15** There were no material disclosure adjustments to the accounts. There have been a small number of other adjustments to disclosure notes and the classification of some items which have been amended in the final version of the statements presented for approval. These amendments are summarised in Appendix 2.

## Unadjusted errors in the financial statements

**16** Under auditing standards I am required to bring to the attention of the Audit Committee any misstatements, including omissions or other errors in presentation or disclosure, other than those that are clearly trifling, identified during the course of my normal audit work for which no adjustment has been made in the financial statements.

**17** There are no unadjusted audit differences that are material to the financial statements but I have identified two items which, after consideration, management are not proposing to adjust in 2010/11 but will review in 2011/12 and I have detailed them in Appendix 3. I am required to bring this to your attention so that you may consider amending the financial statements. If you concur with management and decide not to adjust for this please set out your reasons in the representation letter.

## Recommendation

**R1** The Audit and Risk Committee is invited to consider the impact of the unadjusted misstatements in Appendix 3 of the external auditor's 2010/11 Annual Governance Report and either instruct management to amend the financial statements or, if you concur with management and decide not to adjust for these, set out the reasons for not amending the errors in the representation letter.

---

## Important weaknesses in internal control

**18** I have not identified any important weaknesses in internal control.

## Letter of representation

**19** 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 4 contains the draft letter of representation.

# Value for money

**I am required to conclude whether the Council 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.**

**20** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against two criteria specified by the Audit Commission. My conclusion on each of the two areas is set out below.

**21** I intend to issue an unqualified conclusion stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

---

Table 4: **Value for money conclusion criterion**

<b>Value for money criteria</b>	<b>Results</b>
The organisation has proper arrangements in place for securing financial resilience.	Yes
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.	Yes

---

# Appendix 1 Draft independent auditor's report to Members of Newcastle under Lyme Borough Council

## Opinion on the Authority accounting statements

I have audited the accounting statements of Newcastle under Lyme Borough Council 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 Collection Fund 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 Newcastle under Lyme 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 Executive Director (Resources and Support Services) and auditor

As explained more fully in the Statement of the Executive Director (Resources and Support Services) Responsibilities, the Executive Director (Resources and Support Services) is responsible for the preparation of the Authority's Statement of Accounts 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's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authority; and
- the overall presentation of the accounting statements.

I read all the information in the explanatory foreword and the annual report 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 Newcastle under Lyme Borough Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; 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 and the content of the Annual Report 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, Newcastle under Lyme Borough Council 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 of Newcastle under Lyme Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Tony Corcoran

Officer of the Audit Commission

1st Floor,  
No.1 Friarsgate  
1011 Stratford Road,  
Shirley  
Solihull,  
West Midlands,  
B90 4BN

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 help you in fulfilling your governance responsibilities.

Table 5:

Adjusted misstatements	Nature of adjustment	Income and Expenditure Account		Balance sheet	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Long Term Investments	£0.124m of Long Term investments incorrectly included in Short Term Investments.			124	
Short Term Investments	As Above.				124

## Text Disclosure Amendments and amendments to notes

Adjusted misstatements	Nature of adjustment
Balance Sheet	The balance sheet and balance sheet notes to the accounts needed to include comparative figures for 1.4.09.
Minor errors.	Within the accounts there were a number of minor typographical, transposition and textual errors that have been corrected.
Disclosures	<p>The change in pension fund benefits from RPI to CPI was disclosed as income. This is now disclosed within expenditure as it is a negative past service cost.</p> <p>Upon reviewing the Accounts there were a number of disclosures that needed improving and one table within Note 40 that was incomplete at the start of the audit. These disclosures have now been completed.</p>
Note 44 - Trusts and Other Similar Funds	The Barracks Trust balances had been amended by the Trust and so changed in your accounts. You have provided an explanation for the amendment.
Note 15 - Financial Instruments	Categories of Financial Instruments and the Fair Value of Assets and Liabilities table needed to include £0.242m under Long Term debtors and £0.774m of bank deposits.
Note 39 - Contingent Liabilities	A contingent liability for local land charge fees which may have to be repaid has now been disclosed.
Note 34 - Capital Expenditure and Capital Financing	The Capital Financing Requirement opening and closing position had been calculated incorrectly and has been amended.



## Appendix 3 Unadjusted misstatements in the financial statements

I identified the following misstatements during my audit that management has not adjusted the financial statements. I bring this to your attention to help you in fulfilling your governance responsibilities and ask you consider correcting this misstatement. If you decide not to amend, please tell me why in the representation letter. If you believe the effect of the uncorrected error is immaterial, please reflect this in the representation letter. Please refer to the uncorrected error in the representation letter.

Table 6:

Unadjusted misstatements	Nature of adjustment	Income and Expenditure Account		Balance sheet	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Note 20 - Creditors	During sample testing, two accruals were identified that should not have been made. The first accrual was for an item ordered after the year end. The other accrual was for an electricity bill that had already been processed. We have extrapolated the potential error as £0.147m.			13	
CIES - Gross Costs	As above.		13		
Note 17 - Debtors (Central Government Bodies)	As part of the audit of the National Non Domestic Rates Return, we identified an error of £0.063m.			63	
Collection Fund	As above.				63

Source: Audit Commission

## Appendix 4 Draft letter of representation

To: Tony Corcoran  
Appointed Auditor  
1st Floor,  
No.1 Friarsgate  
1011 Stratford Road,  
Shirley  
Solihull,  
West Midlands,  
B90 4BN

### **Newcastle under Lyme Borough Council - Audit for the year ended 31 March 2011**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Newcastle under Lyme Borough Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2011. All representations cover the Authority's accounts included within the financial statements.

#### **Compliance with the statutory authorities**

I have fulfilled 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 and International Financial Reporting Standards 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**

The effects of uncorrected financial statements misstatements summarised in the attached schedule are not material to the financial statements, either individually or in aggregate.

#### **Supporting records**

All relevant information and access to persons within the entity 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 financial statements.

## **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 that 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.

I confirm:

- the appropriateness of the measurement method, including related assumptions and models, and the consistency in application of the process;
- the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures;
- the completeness and appropriateness under the financial reporting framework;
- subsequent events do not require adjustment to accounting estimates and disclosure included within the financial statements; and
- that the selection, and application, of accounting policies are appropriate.

**Related party transactions**

I confirm that I have disclosed the identity of Newcastle under Lyme Borough Council'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 requirement of the framework.

**Subsequent events**

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

**Signed on behalf of Newcastle under Lyme Borough Council**

I confirm that this letter has been discussed and agreed by the Audit and Risk Committee on 26 September 2011

Signed

Kelvin Turner

Executive Director (Resources and Support Services)

26 September 2011

## 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 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.

## Appendix 6 Action Plan

### Recommendations

#### Recommendation 1

The Audit and Risk Committee is invited to consider the impact of the unadjusted misstatements in Appendix 3 of the external auditor's 2010/11 Annual Governance Report and either instruct management to amend the financial statements or, if you concur with management and decide not to adjust for these, set out the reasons for not amending the errors in the representation letter.

<b>Responsibility</b>	Audit and Risk Committee
<b>Priority</b>	High
<b>Date</b>	26.9.11
<b>Comments</b>	



If you require a copy of this document in an alternative format or in a language other than English, please call:  
**0844 798 7070**

© Audit Commission 2011.

Design and production by the Audit Commission Publishing Team.

Image copyright © Audit Commission.

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.



Audit Commission

1st Floor  
Millbank Tower  
Millbank  
London  
SW1P 4HQ

Telephone: 0844 798 3131  
Fax: 0844 798 2945  
Textphone (minicom): 0844 798 2946