

Annual Governance Report

Rossendale Borough Council

Audit 2009/10

Date September 2010

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

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

Ladies and Gentlemen

2009/10 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2009/10 which has been agreed with the Head of Finance.

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 7 to 9);
- take note of the adjustments to the financial statements set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3) ; and
- note our findings in relation to the Council's value for money arrangements (Appendix 4)
- agree your response to the proposed action plan (Appendix 5).

Yours faithfully

Clive Portman

District Auditor

17 September 2010

Key messages

This report summarises the findings from the 2009/10 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	Results	Page
Unqualified audit opinion	Yes	7
Financial statements free from material error	Yes	7-9
Value for money	Results	Page
Adequate arrangements to secure value for money	Yes	10 -13

Audit opinion

- 1 My audit opinion is substantially complete and I expect to issue an unqualified opinion by 30 September 2010

Financial statements

- 2 The draft financial statements were produced ahead of the target date of 30 June 2010. My audit team worked closely with officers in carrying out the audit. The working papers supporting the Statement of Accounts were clear and of a good standard. I would like to thank officers for the prompt and efficient manner in which they dealt with our queries.
- 3 The issues I have identified from my review relate primarily to disclosure notes and are summarised in Appendix 2. The changes made to the draft accounts have no overall impact on the financial position of the Council.

Value for money

- 4 I am required to assess whether the Council has put in place adequate arrangements for securing economy, efficiency and effectiveness in its use of resources. I have concluded your arrangements are adequate and propose issuing an unqualified opinion on the Council's value for money arrangements.

Key messages

Audit fees

- 5 The planned audit fee that I set out in my 2009/10 fees letter was £99,500. I am satisfied that the fee remains appropriate based on my ongoing risk assessment and work undertaken

Independence

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

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.

7 I ask the Audit and Accounts Committee to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 9);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3) ; and
- note our findings in relation to the Council's value for money arrangements (Appendix 4)
- agree your response to the proposed action plan (Appendix 5).

Financial statements

The Council's financial statements and annual governance statement are 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

- 8 I have now substantially completed my audit of your financial statements and 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

- 9 I plan and perform my audit so as to obtain all the information I feel is necessary to give sufficient evidence and assurance that the Council's financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. Based on guidance provided by the Audit Commission the calculated materiality level for Rossendale is £843,000.
- 10 My audit of the financial statements is risk based. Most risks are inherent within any set of financial statements in terms of whether they are accurately presented and whether they report appropriately the relevant period the accounts relate to. I also consider whether there are any specific risks which I need to take account of in performing my audit. In planning my audit I have identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 1.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
2009 SORP - changes in accounting requirements may not be properly reflected in the financial statements	My audit included specific testing around the new requirements for accounting for council tax and NNDR income and the changed disclosures required for senior officer's remuneration.
The Council will continue to face increased financial pressures linked to the economic downturn	I have reviewed the Council's plans for monitoring and managing the financial position as part of our work on use of resources.

Issue or risk	Finding
The 2009 SoRP includes early adoption of IFRIC 12 relating to PFI arrangements and service concessions. This requires the Council to review contractual arrangements to identify relevant schemes and to then account for this as assets.	I have reviewed the actions taken by the Council to identify relevant schemes and are satisfied that Rossendale does not have any relevant schemes.
The implementation of International Financial Reporting Standards to local government accounts from 2010/11 will require forward planning to ensure the required information is available to enable an efficient transition to the new financial reporting requirements.	I have liaised with key finance staff on the key changes required and the plans in place to address them. I have also undertaken a number of snap surveys on the Council's progress towards IFRS where I assessed the Council as making good progress and on track to deliver against its timetable

Errors in the financial statements

11 I am also required to report unadjusted non-trivial errors/uncertainties to those charged with governance. The level of trivial items is standard across all of our audited bodies. Your trivial threshold is the lesser of 1% of materiality or £500,000. This means any errors or adjustments to the financial statements above £8,430 are now considered to be non-trivial and should be reported to the Audit and Accounts Committee.

12 In summary:

Value of error	Reporting Consequence
Material (in excess of £843,000)	Report to Those Charged with Governance and amend/qualify accounts
10% - Material	Report to Those Charged with Governance and request management to amend or explain why they choose not to make an amendment.
1% - 10%	Summary to Those Charged with Governance with no amendment required

13 A summary of the issues brought to the Audit and Accounts Committee's attention is shown in Appendix 2. A small number of non-material errors were identified during the course of the audit. Each of these has been amended. None of the errors identified

Financial statements

impact on the financial position of the authority. In addition, following a government announcement about the way in which pension increases will be calculated in future, a post balance sheet event disclosure note has been added to the accounts.

Letter of representation

- 14** 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 3 contains the draft letter of representation.
-

Accounting practice and financial reporting

- 15** My review also considers the qualitative aspects of your financial reporting. Some relatively minor amendments have been made to the accounting policies and notes to improve the presentation and completeness of the notes.

Value for money

I am required to decide whether the Council put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. I have based my conclusion on my work on the scored use of resources judgement.

Value for money conclusion

- 16** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. My conclusions on each of the areas are set out in Appendix 4.
- 17** I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.
- 18** In the early part of 2010, the Audit Commission carried out work at the Council to update its annual Use of Resources assessment. Following the announcement in May 2010 of the intended abolition of CAA, the Commission decided that scored Use of Resources assessments would no longer be issued. We nevertheless place reliance on work undertaken for Use of Resources to support our opinion on whether the Council has adequate arrangements in place to deliver value for money in its use of resources – known as the VFM Conclusion. The following paragraphs provide feedback on our assessment of the arrangements in place which we have considered in reaching our VFM Conclusion at the 2009/10 audit.

Managing Finances

- 19** The Council has good arrangements in place for planning the use of its finances. It effectively integrates its financial and corporate planning processes. The Medium Term Financial Strategy (MFTS) links to the three-year Corporate Plan and is underpinned by robust budget setting and monitoring process.
- 20** The Council has revised its Treasury Management Strategy in the light of the recent CIPFA guidance and the revisions to CIPFA Prudential Code. The current MFTS outlines the financial strategy to facilitate the delivery of the Council's policy objectives over the three years to 2011/12 and includes an estimate of potential financial risks exposure. Savings made during 2009/10 are £340k plus a further £411k identified during the 2010/11 budget setting process. These relate to savings achieved through efficiencies rather than service reductions.
- 21** The Council has a good understanding of its costs, including transaction and unit costs, whole life costs and comparative position through benchmarking. For example, over the past 2 years, it has taken specific actions to reduce costs associated with benefits administration and housing services. Performance and financial information are now routinely reported together to management, Cabinet and Council. Monthly

Value for money

budget reports are prepared for Budget and Portfolio holders within 10 days of the month end.

- 22** The Council considers the total resources available from partnerships when considering efficiency savings. For example partnership working is being used effectively to drive forward savings in procurement and transactions such as use of payment cards.
- 23** Arrangements supporting the compilation of the Council's annual accounts have improved consistently in recent years. The project plan supporting the production of the 2009/10 accounts demonstrates a greater emphasis on building quality assurance into the closedown process and starting the planning earlier in order to provide sufficient time to resolve problems. RBC has identified the key issues relating to the introduction of International Financial Reporting Standards (IFRS), and there is a comprehensive project plan in place to address them.

Areas for future focus and development

- R1** Rossendale, in common with other public bodies, faces a difficult financial outlook over the coming years. The full extent of necessary future spending reductions will become clearer after the Autumn Spending Review and the settlement of revenue grant funding for 2011/12 and beyond. The Council needs to ensure that its contingency plans and future Medium Term Financial Strategy effectively address these emerging issues.

Governing the Business

- 24** The majority of procurement is done in partnership with other East Lancashire councils and through the Lancashire Hub, helping ensure efficiencies and economies of scale. Service redesign and reconfiguration, including changes to service commissioning are based on a joint approach supported by detailed analysis, strong consultation and good business planning, including environmental analysis, option appraisals and whole life costings.
- 25** The Council has made improvements in several areas relating to data quality in the past 12 months. Its use of the electronic performance management system has been extended to better encompass partnership data. The Council uses this performance data as part of its monitoring arrangements to focus attention on under-performing and/or over-spending service areas.
- 26** Overall the Council continues to perform well in relation to Governance. Particularly notable is the practice of preparing potential councillors for their role even before they are elected, the use of personal development plans for councillors, the use of role descriptions for key roles such as member champions, the use of national lead figures for some training and robust monitoring and evaluation of such training events.
- 27** The Council has made progress in managing the risks from partnerships. Risk management is integrated into its business processes including strategic management, financial planning, policy making, performance management and project management.

However there are still some areas of activity where partnership risk management could be improved, such as with the Leisure Trust and by developing a shared risk register across the Rossendale Partnership. The closer working relationship forged with the Leisure Trust during 2009/10 through the drafting of the business case for leisure facility improvements provides an ideal platform for this.

Areas for future focus and development

R2 The Council should:

- ensure that partnership arrangements are being managed with a degree of risk management commensurate with the size and scale of the operations
- strengthen risk management within the Leisure Trust and develop a shared risk register for the Rossendale Partnership.

Managing Resources

28 The Council has a good understanding of its energy consumption, use of natural resources and carbon footprint, and is taking steps to reduce the impact on the environment of its operations. It is doing this in partnership with other local authorities and public bodies and with its LSP partners. It has reasonable baseline information on carbon footprint and energy consumption. It has a series of plans and strategies to help it improve its performance, which contain many actions and areas of focus, but few precise and quantifiable targets. Its actions are targeted at those areas where most carbon emissions are produced and these are resulting in reduced emissions. This is quantified through the national indicator reporting, but each initiative does not have a specific target set or an outcome assessed. Corporate plans such as finance and procurement support these actions.

29 Measures to reduce the impact on the environment are in place, including parks and open spaces as well as buildings and vehicles. However, there is limited information on car usage and mileage/CO2 emissions from the car fleet. Reduced waste, reduced CO2 emissions from IT systems and positive biodiversity actions are all evident, but again no specific targets are set and there is limited evaluation of precise impact. Assessment of environmental risks and incorporation into the risk register is still work in progress. Major projects have an evaluation of environmental impact but a more comprehensive system of environmental impact appraisals is still being developed. Partnership arrangements are in place to help address many of these issues. To further improve the Council should adopt a more comprehensive approach including the baseline position for each element, setting targets for reductions and evaluating the impact of each initiative.

Areas for future focus and development

R3 In order to further improve the Council should:

Value for money

- ensure that internal working arrangements and partnership and external contracts are regularly reviewed and updated to ensure best practice in the use of natural resources.
- develop a comprehensive understanding of the baseline position for each element of resource usage, set targets for reductions and evaluate the impact of each initiative.

Glossary

Annual governance statement

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

Audit closure certificate

31 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 certificate.

Audit opinion

32 On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules.

Qualified

33 The auditor has some reservations or concerns.

Unqualified

34 The auditor does not have any reservations.

Value for money conclusion

35 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.

Appendix 1 – Independent auditor’s report to Members of Rossendale Borough Council

Independent auditor’s report to the Members of Rossendale Borough Council

Opinion on the accounting statements

I have audited the Authority and Group accounting statements and related notes of Rossendale Borough Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the 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 Rossendale Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Head of Finance and auditor

The Head of Finance’s responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority and Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority and Group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and
- The Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Group as at 31 March 2010 and its income and expenditure for the year then ended.

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

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority 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 in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. 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.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009 and the supporting guidance, I am satisfied that, in all significant respects, Rossendale Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

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

Clive Portman
District Auditor,
Audit Commission
Aspinall Close
Aspinall House
Middlebrook
Bolton
September 2010

Appendix 2 – Amendments to the draft accounts

I identified the following misstatements during my audit and managers have made the necessary adjustments. I bring them to your attention to aid you in fulfilling your governance responsibilities.

Table 2 Adjustments made to the Financial Statements

Issue	Impact on the accounts
Income and Expenditure Statement	<p>£478,000 was removed from income and expenditure under the Cultural, Environmental and Planning section. This was a late removal of a debtor in respect of Performance Reward Grant given the announcements of grant reductions in early June. All other corrections had already been processed.</p> <p>There was no impact on the overall outturn on the Income and Expenditure Statement.</p>
Post Balance Sheet Event Note	<p>There has been a recent announcement about changes in the way in which future local government pension increases will be calculated in future. This will affect the estimate of future pension liabilities reported within the financial statements. The impact that this will have on the Council has been reflected in a post balance sheet event note.</p>
Note 6 – Officers Emoluments	<p>This note has been expanded to comply with the guidance contained in LAAP Bulletin 85</p>
Note 15- Finance & Operating - Leases	<p>Amounts paid in year were overstated by £200,000 in the draft note.</p> <p>Amount in respect of finance and operating leases paid in year amended to £539,000.</p> <p>This error did not impact on the Income and Expenditure Statement.</p>

Appendix 2 – Amendments to the draft accounts

Issue	Impact on the accounts
Note 19- Debtors	Sundry Debtors has been reduced by £35,000 to reflect the updated Housing Benefit overpayment's report, and the provision for impairment reduced by the same amount. This change does not impact on the balance sheet.
Note 21 - Borrowing	A table has been added to provide a breakdown of borrowing repayments over future years
Note 25 - Provisions	The note was expanded to comply with guidance. A brief description of each obligation has been added.
Group Accounts	The Group Account has been updated to reflect the changes made to the Rossendale Transport Ltd accounts following their audit, as presented to the company's AGM in July
Other amendments A number of minor amendments and typographical amendments were highlighted during my audit. A full list of the amendments is included in a separate report by the Finance Manager.	All amendments have been made.

Appendix 3 – Draft letter of representation

Mr Clive Portman
District Auditor
Audit Commission
2nd Floor
Aspinall House
Aspinall Way
Middlebrook
Bolton
BL6 6QQ

Dear Mr Portman

RE: Rossendale Borough Council – Audit for the Year Ended 31 March 2010

I understand that auditing standards require you to obtain representations from management on certain matters material to your opinion. Accordingly I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of the Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010.

Compliance with the statutory authorities

I acknowledge 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 : A Statement of Recommended Practice which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

Long term investments

I confirm that it is management's intention to hold the long term investments disclosed in the balance sheet for longer than 12 months after the balance sheet date.

Appendix 3 – Draft letter of representation

Supporting records

To the best of my knowledge, all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by Rossendale Borough Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and council meetings, have been made available to you.

Irregularities

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

I have disclosed to you my knowledge of any:

- 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; and
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I have disclosed to you:

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

Law, regulations, contractual arrangements and codes of practice

I am not aware of any actual or potential instances of non-compliance with laws, regulations and codes of practice, likely to have a material effect on the finances or operations of the Council.

Fair Values

I confirm that the presentation and disclosure of the fair value measurements of material assets, liabilities and components of equity are in accordance with the financial reporting framework.

The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable and appropriately reflect the best estimate of fair value of assets and liabilities required to be disclosed by these standards.

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 pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

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;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I 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 approval of the financial statements by the Audit and Accounts Committee, the only significant post balance sheet event that I am aware of has been the announcement by the Chancellor of a change in basis for uplifting public sector pensions.

Specific representations

There are no other material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.

Unadjusted misstatements in the accounts

All misstatements identified during the course of the audit have been adjusted.

Appendix 3 – Draft letter of representation

Signed on behalf of Rossendale Borough Council

I confirm that this letter has been discussed and agreed by the Audit and Accounts Committee on 27 September 2010.

Signed:

Name: Phil Seddon

Position: Head of Finance

Date: 27 September 2010

Appendix 4 – Value for money criteria

KLOE	Met
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
Managing resources	
Natural resources	Yes
Workforce	Yes

Appendix 5 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
11	R1 Rossendale, in common with other public bodies, faces a difficult financial outlook over the coming years. The full extent of necessary future spending reductions will become clearer after the Autumn Spending Review and the settlement of revenue grant funding for 2011/12 and beyond. The Council needs to ensure that its contingency plans and future Medium Term Financial Strategy effectively address these emerging issues.	3	Chief Executive	Yes	Action commenced on identifying the necessary savings immediately following the publication of the Medium Term Financial Strategy. The Council has engaged in a comprehensive consultation process with all staff, Managers, Members and the public. A list of savings options are being drawn up to match the anticipated reduction in resources.	Feb' 2011
12	R2 The Council should: <ul style="list-style-type: none"> ensure that partnership arrangements are being managed with a degree of risk management commensurate with the size and scale of the operations strengthen risk management within the Leisure Trust and develop a shared risk register for the Rossendale Partnership 	2	Director of Customers and Communities	Yes	All significant and key partnerships have been agreed with resources allocated to ensure robust risk management practices are in shared and developed further.	20011/12

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
12	<p>R3 In order to further improve the Council should:</p> <ul style="list-style-type: none"> ensure that internal working arrangements and partnership and external contracts are regularly reviewed and updated to ensure best practice in the use of natural resources. develop a comprehensive understanding of the baseline position for each element of resource usage, set targets for reductions and evaluate the impact of each initiative. 	2	Head of Finance and Property Services	Yes	Council will continue to develop its working arrangements in order to ensure maximum and best use of its natural resources and its understanding of the baseline position and therefore relevant future targets.	2011/12

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The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, covering the £180 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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