

Annual Governance Report

September 2006



Annual governance report

Chorley BC

Audit 2005/06

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Committee.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports to the Authority

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 members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

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

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

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Purpose of this report

- 1 This is our annual governance report covering the audit of the Authority for the year ended 31 March 2006 and is presented by the District Auditor, Mike Thomas.
- 2 We are required by the Audit Commission's statutory Code of Audit Practice for local government bodies (the Code) to issue a report to those charged with governance summarising the conclusions from our audit work. For the purposes of this report, the Authority's Audit Committee is considered to fulfil the role of those charged with governance and references to the Committee should be read as such.
- 3 We are also required by professional auditing standards to report to the Committee certain matters before we give our opinion on the financial statements. The section of this report covering the financial statements fulfils this requirement.
- 4 The principle purposes of the report are:
 - to reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and the Committee;
 - to share information to assist both the auditor and the Committee to fulfil their respective responsibilities; and
 - to provide the Committee with recommendations for improvement arising from the audit process.
- 5 The Audit Commission has circulated to all audited bodies a statement of responsibilities of auditors and audited bodies that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement.

Scope of the report

- 6 In undertaking our audit we comply with the statutory requirements of the Audit Commission Act 1998 and the Code. Auditors' responsibilities are to review and report on, to the extent required by the relevant legislation and the requirements of the Code:
 - the Authority's financial statements; and
 - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

- 7 Our risk assessment and planned response to the key audit risks was summarised in our audit and inspection plan. A summary of our responsibilities and audit approach is included in Appendix 1. The annual governance report summarises the significant findings, conclusions and recommendations arising from our audit work. The results of our inspection work, and our separate grant claims' certification programme, will be reported in the Annual Audit and Inspection Letter early next year.
- 8 We have issued separate reports during the year having completed specific aspects of our programme and these are listed in Appendix 2. Appendix 3 provides information about the fee charged for our audit and Appendix 4 sets out the requirements in respect of our independence and objectivity.

Key messages

Financial statements

- 9 Our work on the financial statements is now substantially complete. We will issue an unqualified opinion on 22 September 2006 (a draft report is attached at Appendix 5).

Use of resources

- 10 Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We will issue an unqualified conclusion on the use of resources (the VFM conclusion) on 22nd September 2006 and a draft report is attached at Appendix 5.

Financial statements

- 11 We are required to give an opinion on whether the Authority's financial statements present fairly the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.

Status of the audit

- 12 Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of the work outstanding, we anticipate being able to issue an unqualified opinion by 29th September.
- 13 We have the following matters to draw to the Committee's attention.

Matters to be reported to the Audit Committee

- 14 We have the following matters to draw to the Audit Committee's attention.

Expected modifications to the auditors' report

- 15 On the basis of our audit work, we propose to issue an unqualified audit report. A draft report is attached at Appendix 5.

Uncorrected misstatements

- 16 There are no uncorrected misstatements.

Adjusted misstatements

- 17 To assist you in fulfilling your governance responsibilities, we are required to consider reporting adjusted misstatements to you where these are material. All significant misstatements in the financial statements identified during the audit have been amended and only those that are 'clearly trivial' as defined in professional auditing standards remain uncorrected. A complete listing of all amendments has been provided to officers.
- 18 One material amendment to the accounts which is of sufficient significance for us to bring them to your attention to assist you in fulfilling your governance responsibilities is set out in Table 1 below.

Table 1 Adjusted misstatement in the financial statements

Details of the one significant adjustment made to the financial statements

Issue	Value of misstatement	Impact on surplus/(deficit)
<p>Consolidated Balance Sheet Section 106 Agreements</p> <p>The SORP states that revenue related s106 agreement contributions should be credited to the balance sheet as a receipt in advance. For capital related agreements, until the S106 contributions are applied they should be held as "developer's contributions unapplied".</p> <p>The Council have incorrectly accounted for the capital related agreements.</p>	£5.76m	No impact on the surplus/deficit as it is a classification issue only.

- 19 On receipt of first draft of accounts on 29th June 2006 our initial review identified a significant movement year on year, on housing cost of services within the General Fund which highlighted a £12.5m error. This was the result of HRA benefits grant being deducted from gross expenditure on consolidation into the General Fund. The material misstatement was identified through an objective year on year comparison of the financial statements and we recommend that in future a similar review is carried out by a senior finance officer prior to the financial statements being approved by the Authority. The error was reported back in time for amendment before initial Accounts Committee approval.

Recommendations

R1 Carry out an objective analytical review of the financial statements prior to their submission for approval.

Qualitative aspects of accounting practices and financial reporting

- 20 Our audit includes consideration of the qualitative aspects of the financial reporting process including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. Following our work in this area we do not have any matters to bring to the Committee's attention. Significant improvement in the SORP checklist compliance has been achieved in 2005/2006.

- 21 Minor amendments were necessary to the wording of several notes and statements to improve clarity, including:
- Disclosure of undischarged obligations arising from long term contracts such as the Leisure contract
 - Pension note did not separately disclose £409,000 of curtailment loss in year.
- 22 No further action is required for these qualitative aspects of the accounting arrangements.

Internal control arrangements

- 23 We will report to officers the findings of our work on those financial and information systems that provide material input to the financial statements. Our audit did not identify any material weaknesses in the systems of accounting and financial controls which we should report to you.
- 24 We have not provided a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but have addressed only those matters which have come to our attention as a result of the audit procedures we have performed. The matters arising from this aspect of our work, that we wish to draw to the attention of the Committee, are IT risk related issues :
- Change control procedures documentation needs to be improved due to the lack of formal mechanisms for most IT system or programme changes
 - An Internal Audit IT controls review found IT policies are not always fully put into practice with Audit Commission identified risk areas being access control, network security and manual intervention controls.

Recommendations

R2 Ensure change control procedures documentation has a formal mechanism for all IT system or programme changes.

Matters specifically required by other auditing standards

- 25 Other auditing standards require us to consider and report to the Committee issues where:
- we suspect or detect fraud;
 - there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
 - there is non-compliance with legislative or regulatory requirements and related authorities.

We have no such matters to report.

Any other matters of governance interest

- 26 There are a number of other issues that are significant in the context of the Committee discharging its governance responsibilities. These are detailed in Table 2.

Table 2 Other matters of governance interest

Items for the Committee to note

Area	Auditor responsibility	Impact
Statement of internal control (SIC)	The auditor reviews the SIC for compliance with the requirements of proper practice as specified by CIPFA and consistency with other information from the audit of the financial statements.	The SIC complies with the requirements specified by CIPFA and it is consistent with the other information we are aware of from our audit of the financial statements.
Whole of Government Accounts' (WGA) consolidation pack	The auditor is responsible for issuing a report on the consistency of the Authority's WGA consolidation pack with the statutory financial statements.	This work will start shortly and we expect to issue our report by 6th October 2006.
Related parties disclosures	Review of related parties transactions from Authority's analysis of registers of interest.	Authority needs to review registers and payments to outside bodies to establish if a related party disclosure is required.
Working papers	To complete the audit on a timely basis in accordance with the SORP deadlines.	Although improvements secured through the production of electronic working papers some delays on receipt of documents was experienced.

Recommendations

- R3 Review registers and payments to outside bodies to establish if a related party disclosure is required.*

R4 Ensure future electronic working papers are supported by prompt responses on audit queries.

Letter of representation

- 27** We obtain written representations from management as an acknowledgement of its responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. The text of the required letter of representation is included at Appendix 6. This letter must be signed by the Director of Finance and the Leader before we can issue the audit opinion on the accounts.

Next steps

- 28** We are drawing these matters to the Committee's attention so that:
- you can consider them before the financial statements are approved and certified; and
 - the letter of representation can be signed on behalf of the Authority and the Committee before we issue our opinion on the financial statements.

Use of resources

Value for money conclusion

- 29 The Code requires us to reach a conclusion on whether we are satisfied that the Authority has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion). In meeting this responsibility, we will review evidence that is relevant to the Authority's corporate performance management and financial management arrangements. Our work in reaching the value for money conclusion is integrated with our work on the use of resources assessment which was reported to the Authority in March 2006. The VFM conclusion has been reached by assessing whether the Authority meets 12 specified VFM criteria.
- 30 The Authority has met the minimum standard for all twelve criteria. In a number of areas it performs well and in particular has good arrangements in place for value for money and asset management. Appendix 8 summarises the VFM criteria and our assessment of the Authority arrangements for each.
- 31 In other areas there is still scope to develop the Authority's arrangements, in particular:
- Data quality - The first stage of our work on data quality which looks at the corporate management arrangements has been complete and the Authority currently meets the required minimum standards. We are currently carrying out spot check work on a number of performance indicators. The result of the overall audit of data quality will be reported separately on its completion. There are a number of areas where data quality arrangements can be further improved.
 - Probity - The Authority has continued to make progress in relation to probity and anti fraud and corruption measures. The recently adopted whistle blowing policy needs to be embedded within the Authority, including it being shared with partners, as part of the promotion of setting standards of high ethical governance.

Recommendations
<i>R5 Further develop recent improvements to the performance information data quality arrangements.</i>
<i>R6 Ensure whistle blowing policy and wider ethical governance arrangements become fully embedded.</i>

Use of auditors' statutory powers

- 32 Auditors are required to consider the exercise of certain statutory powers during the course of the audit, as summarised in Table 3 below.

Table 3 Use of statutory powers

Issue	Auditor responsibility	Impact
Section 8 reports	Section 8 of the Act requires that auditors should consider whether, in the public interest, they should report on any matter that comes to their attention in the course of the audit so that it may be considered by the body concerned or brought to the attention of the public.	There have been no section 8 reports in respect of the financial year 2005/2006.
Section 11 recommendations	To consider whether a written recommendation should be made to the audited body requiring it to be considered and responded to publicly.	There have been no s11 recommendations.
Best value	To consider whether to recommend that the Audit Commission should carry out a best value inspection of the Authority under section 10 of the Local Government Act 1999 and/or that the Secretary of State should give a direction under section 15 of that Act.	Our work in respect of the Authority's 2005/2006 Best Value Performance Plan (BVPP) was reported in the 2004/2005 annual audit and inspection letter. No recommendations were made to the Audit Commission or the Secretary of State.

Closing remarks

- 33 This report has been discussed and agreed with officers and presented to the Committee on 26th September 2006.
- 34 The report makes 3 recommendations and an action plan is included at Appendix 7, which includes responses from management and indicative target dates for the implementation of recommendations.
- 35 The Authority has taken a positive and constructive approach to our audit and I would like to take this opportunity to express my appreciation for the Authority's assistance and co-operation.

Michael Thomas

District Auditor

September 2006

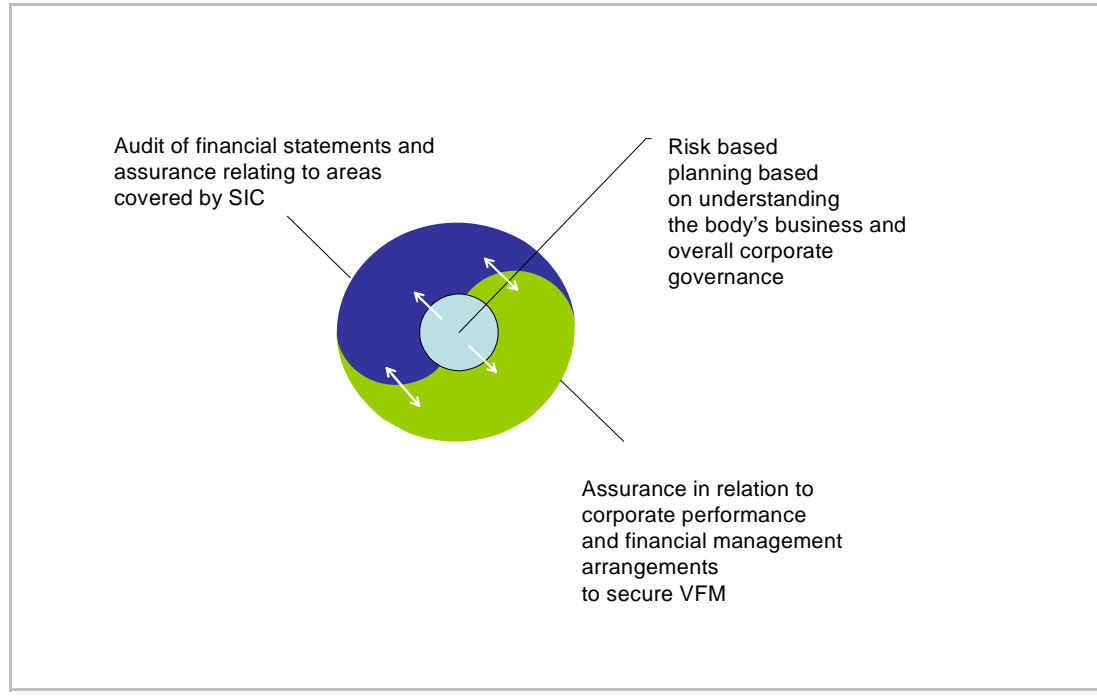
Appendix 1 – Audit responsibilities and approach

Audit objectives

- 1 Our objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on the significant risks that are relevant to our audit responsibilities.

Figure 1 Code of Audit Practice

Code of practice responsibilities



Approach to the audit of the financial statements

- 2 In our approach to auditing the financial statements, we adopt a concept of materiality. Material errors are those which might be misleading to a reader of the financial statements. We seek, in planning and conducting our audit of the accounts, to provide reasonable assurance that your financial statements are free of material misstatement. In planning our work we considered the arrangements of the Authority which had most impact on our opinion. These included:
 - the standard of the overall control environment and internal controls;
 - reliance on internal audit;
 - the likelihood of material misstatement occurring from of material information systems; or a material error failing to be detected by internal controls;
 - any changes in financial reporting requirements; and
 - the effectiveness of procedures for producing the financial statements and supporting material.
 - The results of the above feed into our risk assessment which determines the level and type of testing undertaken on each element of the financial statements.

Approach to audit of arrangements to secure value for money

- 3 The scope of these arrangements is defined in paragraph 20 of the Code as comprising:
 - corporate performance management; and
 - financial management arrangements.
- 4 Our conclusion is informed and limited by reference to relevant criteria covering specific aspects of audited bodies' arrangements, specified by the Code.

- 5** In planning audit work in relation to the arrangements for securing economy, efficiency and effectiveness in the use of resources we have considered and assessed relevant significant business risk. Significance is defined by the Code as 'a matter of professional judgment and includes both quantitative and qualitative aspects of the risk'.
- 6** The potential sources of assurance when reaching the value for money conclusion include:
 - the Authority's whole system of internal control as reported in its statement on internal control;
 - results from statutory inspections or the work of other regulators, for example, corporate assessments, service assessments (whether by the Commission or other regulators);
 - work specified by the Audit Commission, for example, the use of resources assessments, and data quality work;
 - links to the financial statements' audit, including review of internal audit, the SIC and budgetary control arrangements; and
 - other work necessary to discharge our responsibilities.

Appendix 2 – Audit reports issued

Table 4

Planned output	Planned date of issue	Actual date of issue	Addressee
Audit and inspection plan	Draft by 31 March 2005	Draft issued April 2005 with Final issued May 2006	Management
Annual governance report	September 2006	September 2006	Audit Committee
Opinion on financial statements	By 29 September 2006	Planned to issue by 29 September 2006	Audit Committee
Value for money conclusion	By 30 September 2006	Planned to issue by 30 September 2006	Audit Committee
Final accounts memorandum	October 2006	October 2006	Management
Use of resources assessments	March 2006	March 2006	Audit Committee/ Management
BVPP and PI report	November 2005	December 2005	Audit Committee/ Management

Appendix 3 – Fee information

Table 5

Fee estimate	Plan 2005/06	Actual 2005/06
Audit/ Accounts*	53,923	60,814
Inspection	8,370	6,031
Use of resources	33,636	33,422
Total audit fees**	95,929	100,267

* Increase due to impact of the International Standards on Auditing (UK and Ireland) (ISAs) on the audit

** The outturn on inspection and grant certification fees will be reported in the Annual Audit and Inspection Letter

Appendix 4 – The Audit Commission’s requirements in respect of independence and objectivity

- 1 We are required by the standard to communicate following matters to the Audit Committee:
 - the principal threats, if any to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor;
 - any safeguards adopted and the reasons why they are considered to be effective;
 - any independent partner review;
 - the overall assessment of threats and safeguards; and
 - information about the general policies and processes for maintaining objectivity and independence.
- 2 We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing and ethical standards.

Appendix 5 – Independent auditor’s report to Chorley Borough Council

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

Opinion on the financial statements

- 3 I have audited the financial statements of Chorley Borough Council for the year ended 31st March 2006 under the Audit Commission Act 1998, which comprises of the Consolidated Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.
- 4 This report is made solely to Chorley Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

- 5 The Chief Finance Officer’s responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.
- 6 My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).
- 7 I report to you our opinion as to whether the financial statements presents fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.
- 8 I review whether the statement on internal control reflects compliance with CIPFA’s Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003 published in 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

- 9 I read the explanatory foreword information published with the financial statements and the summary of the Authority's accounts and consider whether it is consistent with the audited financial statements. I consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies. Our responsibilities do not extend to any other information.

Basis of audit opinion

- 10 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 Committee. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.
- 11 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 financial statements 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 financial statements.

Opinion

- 12 In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.

Mike Thomas

Audit Commission, Aspinall Close, Middlebrook, Bolton, BL6 6QQ

27th September 2006

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

Authorities responsibilities

- 13** 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.
- 14** Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the Authority's assessment of its performance and position in relation to statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor’s responsibilities

- 15** 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 specified by the Audit Commission for principal local authorities. I report if significant matters have come to our 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.
- 16** I am required by section 7 of the Local Government Act 1999 to carry out an audit of the Authority's best value performance plan and issue a report.
 - certifying that I have done so;
 - stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
 - where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

- 17** I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in June 2005, in all significant respects, Chorley Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006.

Best Value Performance Plan

- 18 I issued my statutory report on the audit of the Authority’s best value performance plan for the financial year 2005-06 on 12th December 2005. I did not identify any matters to be reported to the Authority and made no recommendations on procedures in relation to the plan.

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.

Signature..... Date.....

Mike Thomas, District Auditor

Appendix 6 – Letter of representation

Chorley Borough Council - Audit for the year ended 31 March 2006

We confirm to the best of our knowledge and belief, having made appropriate enquiries of other directors and officers of Chorley Borough Council that the following representations given to you in connection with your audit of the Chorley Borough Council's financial statements for the year ended 31 March 2006.

We acknowledge our responsibility under the relevant statutory authorities for preparing the financial statements which give a true and fair view and for making accurate representations to you.

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

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 Chorley Borough Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council/ Committee meetings, have been made available to you.

Related party transactions

We confirm the completeness of the information provided 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.

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; and,
- 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.

Law, regulations and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of Chorley Borough Council that have not been fully disclosed to you.

In all material respects, the expenditure and income disclosed in the financial statements has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Fraud and error

We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud and error. Such a system of internal controls has been implemented.

We are not aware of any:

- frauds involving management or employees who have significant roles in the system of internal accounting control;
- frauds involving other employees that could have a material effect on the financial statements;
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

Post balance sheet events

Since 31 March 2006 no significant post balance sheet events have occurred which require adjustment or disclosure in the financial statements.

Signed on behalf of Chorley Borough Council

Director of Finance Gary Hall

Leader of the Council Cllr Goldsworthy

Signed

Name

Date

Appendix 7 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R1 Carry out an objective analytical review of the financial statements prior to their submission for approval.	2	Finance	Yes	Agree	For 2006-07 accounts
9	R2 Ensure change control procedures documentation has a formal mechanism for all IT system or programme changes	2	IT section/ Finance	Yes	Agree	December 2006
11	R3 Ensure future electronic working papers are supported by prompt responses on audit queries.	2	Finance	Yes	Agree	April 2007

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	R4 Further develop recent improvements to the performance information data quality arrangements	2	Performance	Yes	Agree	March 2007
	R5 Ensure whistle blowing policy and wider ethical governance arrangements become fully embedded.	3	Finance and Internal Audit	Yes	Agree	March 2007

Appendix 8 VFM Criteria & Conclusions

Criteria	Assessment Yes/No
Strategic and operational objectives	
The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.	Yes
Communication	
The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.	Yes
Performance management	
The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.	Yes
Data quality	
The body has put in place arrangements to monitor the quality of its published performance information, and to report the results to members.	Yes
Internal control	
The body has put in place arrangements to maintain a sound system of internal control.	Yes
Risk management	
The body has put in place arrangements to manage its significant business risks.	Yes
Improving value for money	
The body has put in place arrangements to manage and improve value for money.	Yes
Financial strategy	
The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	Yes
Financial standing	
The body has put in place arrangements to ensure that its spending matches its available resources.	Yes
Financial management	
The body has put in place arrangements for managing performance against budgets	Yes
Asset management	
The body has put in place arrangements for the management of its asset base.	Yes
Probity	
The body has put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.	Yes

