

# Annual governance report

Rutland County Council

Audit 2011/12



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# Key messages

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**This report summarises the findings from the 2011/12 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.**

## **Status of the Audit and this Report**

The Council's 2011/12 financial statements and this report are to be considered by the Audit and Risk Committee on 25 September 2012, with the statements formally approved by the Committee at the same meeting. My audit of the statement of accounts is substantially complete and I expect to resolve any remaining queries by the date of the Committee's meeting. I will update the Committee at its meeting on the progress made in relation to the remaining audit enquiries.

## **Financial statements**

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the Council's financial statements.

## **Value for money (VFM)**

At the time of writing, and subject to consideration of an issue recently raised with me, I expect to issue an unqualified conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in your use of resources. I expect to conclude that there are no matters arising from my work relating to my VFM conclusion that I need to report. I will update the Committee on 25<sup>th</sup> September.

# Before I give my opinion and conclusion

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

## **Independence**

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

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

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Authority during 2011/12.

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

- take note of the adjustments to the financial statements included in this report (appendices 2 and 3); and
- approve the letter of representation (appendix 4), on behalf of the Authority before I issue my opinion and conclusion.

# Financial statements

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**The Authority's financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. As elected Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.**

## Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft report.

The outstanding matters largely relate to residual audit procedures where audit work is in progress. These include:

- checking the agreed amendments to the statements and supporting disclosure notes, to correct errors identified in the course of the audit; and
- other routine audit closure steps required by auditing standards or the Accounts and Audit Regulations.

We expect to complete the remaining work and obtain from officers the further information and explanations required by the date of the Audit and Risk Committee meeting. I will update the Committee at its 25 September 2012 meeting on any further matters arising.

## Uncorrected errors

At this stage of the audit there are no material or non trivial errors identified which management has not agreed to address in the revised financial statements. I will inform the Audit Committee at its meeting 25 September 2012, by way of an updated Appendix 2 to this report, if any errors are identified from the remaining audit work which I need to bring to your attention.

## Corrected errors

The draft financial statements have been amended by management to correct errors identified at this stage. Management is to provide the Audit and Risk Committee at its 25 September 2012 meeting with a summary of all the changes made and I have not repeated all the amendments made in this

report. At Appendix 3 I have summarised the material adjustments made and I will inform the Audit and Risk Committee at its 25 September 2012 meeting, by way of an updated Appendix 3, if any additional changes are agreed as a result of any matters arising from the remaining audit work.

## Significant and specific risks and my findings

I reported to you in my February 2012 Audit Plan that I had identified no significant audit risks relevant to my audit of your financial statements. I have not identified any significant risks since that date and there are no matters I need to bring to your attention under that heading. In my Audit Plan I reported a small number of specific risks that I needed to address as part of my audit work and these included the matters reported for your information below:

- the inherent risks attached to the closedown and accounts production process, the errors reported in my Annual Governance Report last year and the importance of managers ensuring there were effective arrangements in place for preparing the Council's 2011/12 financial statements. The draft financial statements prepared by 30 June 2012 were complete and fewer amendments and additional disclosures have been required this year.
- the new disclosure requirements this year, for example in relation to heritage assets. Whilst none of the new requirements were found to be material in the context of the Council's accounts officers have agreed to make some amendments to the draft financial statements to more fully comply with the 2012 Code of Accounting Practice.

## Significant weaknesses in internal control

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

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

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

I have not identified any significant weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not already aware. I informed the Audit and Risk Committee at its June 2012 meeting that, given the concerns raised by Internal Audit in their 2011/12 Annual Report, we would need to carry out additional substantive testing on the Council's payroll system. This work is complete and I did not identify any material errors in the 2011/12 financial statements in the course of that work. Internal Audit has already reported a number of recommendations designed to address the control weaknesses identified in the payroll system and has carried out a supplementary review in 2012/13. The Audit and Risk Committee has a key role in overseeing management's response to these reports and in implementing the recommended improvements to the control framework.

## Other matters

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

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

I have no matters I wish to report at this stage.

## Whole of Government Accounts

Alongside my work on the financial statements, I also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. As at 14 September 2012 I have not completed the procedures specified by the National Audit Office. I still expect to complete my report by 30 September 2012, ahead of the 5 October NAO's deadline, but I will update the Audit and Risk Committee at its 25 September 2012 meeting if my report to the NAO is likely to be delayed.

## Letter of Representation

Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. The proposed Letter of Representation is included in Appendix 4 to this report and is to be agreed at the Audit and Risk Committee's meeting on 25 September 2012.

## Audit Certificate

There are two items of 2011/12 audit work which need to be completed before I am able to issue the Audit Certificate for this year, and these set out in my draft Audit Report at Appendix 1. I will amend my Audit Report to include the Audit Certificate if the WGA assurance statement can be given before 30 September 2012, and if I am able to consider all other matters which are relevant to my duties.



# Value for money

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

I assess your arrangements against the two criteria specified by the Commission. In my February 2012 Audit Plan I reported to you two significant risks that were relevant to my conclusion. These risks, and my planned response were as follows:

- In common with other public bodies, the Council faces the significant challenge of managing the delivery of its priorities at a time of financial constraints and cuts in government grants. I planned to discuss with officers the Council's arrangements for determining its medium term financial strategy and monitor the Council's budget performance and financial standing.
- The Council has continued to support a significant capital programme and key projects are in progress or being developed. I planned to discuss with officers the arrangements established for managing the programme, and monitor progress made in delivering the programme and in controlling its costs and funding.

I have set out in table 1 below my conclusion on the two criteria, including the findings of my work addressing each of the risks I identified. I intend to issue an unqualified conclusion stating that the Authority has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. I include my draft conclusion in Appendix 1.

In the course of the year I have also considered, where they related to my 2011/12 audit responsibilities, matters raised with me by officers and Councillors. These included the Council's arrangements for Council Tax setting and Treasury Management, and a number of specific matters relating to the purchase and planned disposal of Council properties. I have made relevant enquiries of officers including considering the results of the other investigations in these areas where appropriate. I am satisfied that these matters do not adversely impact on my annual value for money conclusion or audit opinion on your financial statements, and, subject to my consideration of a matter recently raised with me, there are no specific issues I need to formally bring to your attention in this report.

Table 1: Value for money conclusion criteria and my findings

Criteria	Findings
<p><b>1. Financial resilience</b></p> <p>The organisation has proper arrangements in place to secure financial resilience.</p> <p>Focus for 2011/12:</p> <p>The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</p>	<p>I have concluded that the Council has adequate arrangements in place and there are no exceptions or points of concern that I need to raise with you here or reflect in my audit report. Financial governance arrangements are established. The medium term financial plan has continued to be updated and reflects the significant service pressures and financial risks. Capital programme investment proposals are considered with regard to the existing financial commitments and financial risks including, for example, risks associated with the certainty of funding sources such as expected developer contributions. The medium term financial plan is updated to reflect the decisions made. The financial planning framework and assumptions have been informed in the year through external challenge and advice. The strategy is underpinned by arrangements to deliver significant financial savings over the period of the plan. The steps taken to maintain the Council's financial standing have been effective and action has been taken promptly in year to address any reported variances. Financial monitoring and forecasting arrangements are in place and the Council spent within its overall budget for the year. A complete set of financial statements was produced by the required date and an unqualified audit opinion is expected. Internal Audit found that the Council's internal control arrangements provided, overall, a sound level of assurance in 2011/12 and managers are taking the recommended actions to address weaknesses identified in the payroll system.</p>
<p><b>2. Securing economy efficiency and effectiveness</b></p> <p>The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</p> <p>Focus for 2011/12:</p> <p>The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.</p>	<p>I have concluded that the Council has adequate arrangements in place and there are no exceptions or points of concern that I need to raise with you here or reflect in my audit report. Funding is targeted at priority areas and savings targets are widely understood. Good progress is being made overall in service and financial plans and overall performance is broadly in line with expectations. The Council has a good record of delivering through partnerships and these have been maintained in the year. The Council is working in partnership with neighbouring Authorities to develop its 2013/14 framework for local Council Tax Benefit. The</p>

**Criteria****Findings**

Council has continued to maintain adequate arrangements for delivering significant capital projects. The new Oakham CoE primary school was delivered on time and within budget in 2011/12, with the Rutland County College refurbishment project also on target to complete in 2012/13. Comparative and benchmarking information is used to inform decisions and manage performance. The Council has an understanding and control of its costs and is delivering efficiency savings.

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# Fees

## I reported my planned audit fee in the February 2012 Audit Plan.

I expect to complete the 2011/12 audit within the planned fee.

Table 2: Fees

	Planned fee 2011/12 (£)	Expected fee 2011/12 (£)
Audit	143,730	143,730
Claims and returns	15,000	15,000
Non-audit work	nil	nil
<b>Total</b>	<b>158,730</b>	<b>158,730</b>

The Audit Commission has paid a rebate of £11,500 to reflect attaining internal efficiency savings, reducing the net amount payable to the Audit Commission for Audit work to £132,230.

# Appendix 1 – Draft independent auditor’s report

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## INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF RUTLAND COUNTY COUNCIL

### Opinion on the Authority financial statements

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

This report is made solely to the members of Rutland County 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 Strategic Director for Resources and auditor

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

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Strategic Director for Resources; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Opinion on financial statements**

In my opinion the financial statements:

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

## **Opinion on other matters**

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

## **Matters on which I report by exception**

I report to you if:

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

I have nothing to report in these respects.

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

### Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

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

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

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

### Conclusion

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

## Delay in certification of completion of the audit

The audit cannot be formally concluded and an audit certificate issued until I have completed the work necessary to issue my assurance statement in respect of the authority's Whole of Government Accounts consolidation pack, and completed my consideration of matters recently brought to my attention. I am satisfied that these matters do not have a material effect on the financial statements or a significant impact on my value for money conclusion.

Neil Bellamy  
Officer of the Audit Commission  
Unit 10  
Whitwick Business Centre  
Whitwick Business Park  
Stenson Road  
Coalville  
Leics  
LE67 4JP

September 2012



# Appendix 2 – Uncorrected errors

At this stage of the audit there are no material or non trivial errors identified which management has not agreed to address in the revised financial statements. I will update the Audit Committee at its meeting 25 September 2012 if any uncorrected errors are identified from the remaining audit work which I need to bring to your attention.

		Statement of comprehensive income and expenditure		Balance sheet	
Item of account	Nature of error	Dr £'000s	Cr £'000s	Dr £'000s	Cr £'000s

# Appendix 3 – Corrected errors

The draft financial statements have been amended by management to correct errors identified. Management is to provide the Audit and Risk Committee at its 25 September 2012 meeting with a summary of all the changes made. I bring the following material adjustments to your attention to aid you in fulfilling your governance responsibilities. I will update the Audit and Risk Committee at its 25 September 2012 meeting if any additional changes are required as a result of any matters arising from the remaining audit work.

		Statement of comprehensive income and expenditure		Balance sheet	
Item of account	Nature of error	Dr £'000s	Cr £'000s	Dr £'000s	Cr £'000s
Plant, Property and Equipment	see comments below				621
Investment Property					3,583
Assets held for Sale					500
Revaluation Reserve				1,783	
Capital Adjustment Account				2,921	

The balance sheet amendments set out above are the final changes to correct a number of separate processing errors in the year-end fixed asset register, to reflect updated valuation information, and the corresponding adjustments to the revaluation reserve and charges for depreciation and impairment. The changes included:

- Errors in processing the year-end valuation report (for example, by not adjusting for the schools' separate land and buildings valuations provided and the updated valuation of the Ashwell Depot);
- Updated valuations to reflect the fair value of newly built assets which have been brought into use in the year (for example, the Oakham CoE School) and non-enhancing capital expenditure;
- The reclassification and revaluation of properties within the Assets held for Sale and Investment Property categories to better reflect the Accounting Code of Practice requirements, change in use and updated valuations.

# Appendix 4 – Draft letter of management representation

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## **Rutland County Council - Audit for the year ended 31 March 2012**

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

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

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

### **Uncorrected misstatements**

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**

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

## **Internal control**

I have communicated to you all deficiencies in internal control of which I am aware.

## **Irregularities**

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

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

## **Law, regulations, contractual arrangements and codes of practice**

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

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

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

## **Accounting estimates including fair values**

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

## **Related party transactions**

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

## **Subsequent events**

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

Signed on behalf of Rutland County Council.

I confirm that the this letter has been discussed and agreed by the Audit and Risk Committee on 25 September 2012.

Signed

Name: Debbie Mogg

Position: Strategic Director for Resources

Date: 25 September 2012

# Appendix 5 – Glossary

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## **Annual Audit Letter**

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

## **Annual Governance Report**

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

## **Annual Governance Statement**

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

## **Audit of the accounts**

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

## **Audited body**

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

## **Auditing Practices Board (APB)**

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

## **Auditing standards**

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

**Auditor(s)**

Auditors appointed by the Audit Commission.

**Code (the)**

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

**Commission (the)**

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

**Ethical Standards**

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

**Financial statements**

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

**Group accounts**

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

**Internal control**

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

**Materiality**

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

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

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

### **Significance**

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

### **Those charged with governance**

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

### **Whole of Government Accounts**

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



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

