

The Audit Findings for West Lancashire Borough Council

Year ended 31 March 2014

18 September 2014

Karen Murray

Director

T +44 (0)161 234 6364

E karen.l.murray@uk.gt.com

Gerard Small

Manager

T +44 (0)214 6372

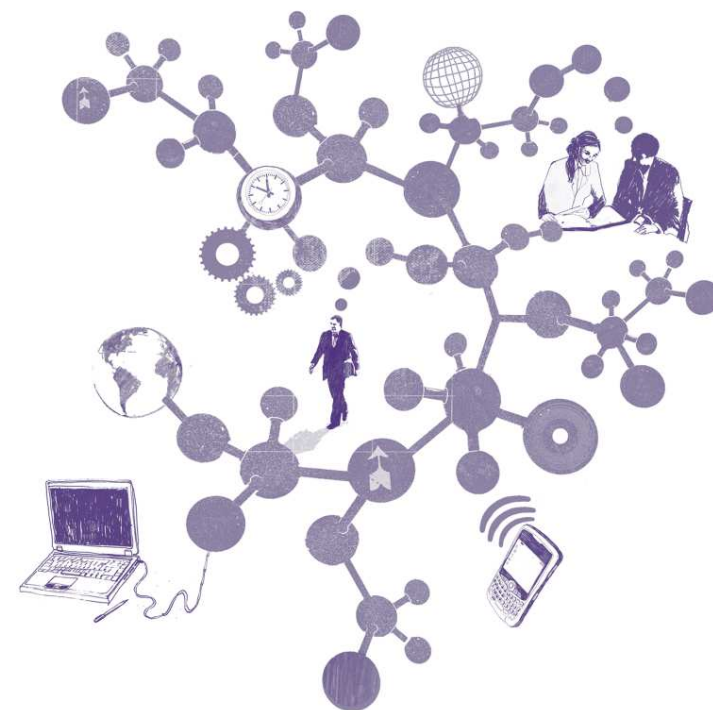
E ged.w.small@uk.gt.com

Paul Thompson

Executive

T +44 (0)161 234 6348

E paul.a.thompson@uk.gt.com



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Section 1: Executive summary

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Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of West Lancashire Borough Council's ('the Council') financial statements for the year ended 31 March 2014. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated 3 March 2014.

Our audit is substantially complete although we are finalising our work in the following areas:

- obtaining and reviewing the final management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

Late Issue

The Council has recently been informed by the DCLG of a potential error in the Transitional Protection Payments reported in the NNDR 3 submission. The error is unlikely to have a significant impact on the reported surplus and Management are liaising with us.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion on the financial statements.

We have identified no adjustments affecting the Council's reported financial position.

The key message arising from our audit of the Council's financial statements is that overall the accounts presented for audit were accurate and well presented.

Further details are set out in section 2 of this report.

Value for Money conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VfM conclusion.

Further detail of our work on Value for Money is set out in section 3 of this report.

Whole of Government Accounts (WGA)

We have completed our work on the Whole of Government Accounts and have no issues which we wish to highlight for your attention.

Controls

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Our work has not identified any control weaknesses which we wish to highlight for your attention.

The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Borough Treasurer.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
18 September 2014

Section 2: Audit findings

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02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit and Governance Committee on 25 March 2014. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you on 25 March 2014.

Audit opinion

We anticipate that we will provide the Council with an unmodified opinion. Our audit opinion is set out in Appendix A.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p>Improper revenue recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> Reviewed and tested revenue recognition policies , we have confirmed that income and expenditure has been accounted for in accordance with stated accounting policies and tested accruals and cut off. Tested a sample of transactions within material revenue streams during the year and immediately after the ear end. Reviewed and tested adjustment s to revenue stream totals that occurred as part of the closedown at the year-end. 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls</p> <p>Under ISA 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> Reviewed management's approach to the use of estimates and judgements a when preparing financial statements Tested a sample of journal entries posted through out the year and beyond the year-end. Reviewed unusual or significant transactions posted through out the year and beyond the year-end. 	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. For each risk identified, we have documented our understanding of processes and key controls over the transaction cycle and undertaken a walkthrough test of the key controls to assess the whether those controls are designed effectively. Having confirmed the effective design of the controls we have then carried out tailored substantive testing as set out below.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Operating expenses</p>	<p>Creditors understated or not recorded in the correct period</p>	<ul style="list-style-type: none"> • Agreed balances substantively to general ledger • Agreed general ledger to subsidiary accounts payable ledger(s) • Searched for unrecorded liabilities • Undertaken "cut-off" tests to ensure transactions recorded in correct accounting period • Tested a sample of creditor and accruals balances to source documents • Tested a sample of transactions processed through the accounts payable procedures for evidence of occurrence and valuation including correct VAT treatment . 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

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Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Employee remuneration</p>	<p>Employee remuneration accrual understated</p>	<ul style="list-style-type: none"> • Agreed balances substantively to general ledger • Agreed general ledger to subsidiary payroll ledger uploads • Searched for unrecorded liabilities • Cut-off testing to ensure transactions recorded in correct accounting period • Tested a sample of year end creditor balances for staff costs • Agreed senior officer disclosures to payroll data • Substantively tested on cost of pensions- agreeing disclosure of pensions information as provided by the actuary • Tested a sample of payroll payments back to staff records and timesheets to confirm existence/occurrence and valuation. • Reviewed of employee listing and journals for large and unusual items 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

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Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Welfare expenditure	Welfare benefit expenditure improperly computed	<ul style="list-style-type: none"> • Reconciled figures in the financial statements to the Housing Benefits subsidy claim • Completed the required modules 2, 3, 4 and 5 of the Audit Commission/ DWP certification programme including ; • reviewed statistical data provided by the DWP • reviewed the results of work carried out by Internal Audit • confirmed accounting treatment is in line with the Code of Practice • tested a sample of housing benefit claims back to source documents to confirm occurrence and accuracy of the assessment 	Our audit work has not identified any significant issues in relation to the risk identified.
Housing Rent Revenue Account	Revenue transactions not recorded	<ul style="list-style-type: none"> • Agreed extraction for HRA accounts from the general ledger • Agreed the general ledger to subsidiary rents ledger • Undertaken "cut-off" testing of rental income • reviewed large and/or unusual items in the debtors listing and reviewed bad debt provision. • tested a sample of property records from the property listing and testing the income derived from those properties confirming occurrence, accuracy and completeness of recording 	Our audit work has not identified any significant issues in relation to the risk identified.



Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. For each risk identified, we have documented our understanding of processes and key controls over the transaction cycle and undertaken a walkthrough test of the key controls to assess the whether those controls are designed effectively. Having confirmed the effective design of the controls we have then carried out tailored substantive testing as set out below.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Property, plant & equipment (PPE)</p>	<p>PPE activity not valid</p>	<ul style="list-style-type: none"> • Agreed extraction of all balances and transactions from the general ledger • Agreed the PPE balances in the general ledger to fixed asset register • Reconciled movements to capital funding note • Tested capital creditors to source documents • We have accounted for, tested a sample of significant additions and ensured they are properly classified • Agreed significant disposals and confirmed any profit/loss on sale had been calculated and accounted for correctly 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>
<p>Property, plant & equipment (PPE)</p>	<p>Revaluation measurement not correct</p>	<ul style="list-style-type: none"> • For impairments and revaluations, we gained an understanding of how management seeks to identify factors which may reduce the value of assets. • We reviewed the arrangements for the use of experts and the judgements/estimates they have made 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<p>Revenue recognition</p>	<p>The Council's revenue recognition policies can be summarised as follows:</p> <ul style="list-style-type: none"> • Fees, charges and rents due from customers are recognised as income at the date the goods or services are provided • Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows • where income has been recognised but cash has not been received, a debtor is recognised. 	<ul style="list-style-type: none"> • This policy is appropriate under the Code of Practice on Local Authority Accounting in the United Kingdom, the Service Reporting Code of Practice and International Financial Reporting Standards. • There is only a limited degree of judgement involved in applying this policy. This area of judgement is restricted to the recoverability of income and debtors and is influenced by previous experience of recoverability. • The policy is adequately disclosed. 	<p style="text-align: center;"> green</p>
<p>Judgements and estimates- accruals and provisions</p>	<ul style="list-style-type: none"> • The Council has established clear criteria for accruals and provisions including a threshold for raising accruals, and a strict set of procedures for generating and processing accruals. • For provisions against non-payment and other general liabilities, the Council uses models based on its experience of previous years. For provisions in respect of appeals against Business Rates valuations, the Council has used a model based on historic data provided by the Valuation Office. 	<ul style="list-style-type: none"> • The judgments and estimates are appropriate under the Code of Practice on Local Authority Accounting in the United Kingdom, the Service Reporting Code of Practice and International Financial Reporting Standards. • The extent of judgement involved is limited to the use of historic data. • The accounting policies relating to accruals and provisions is adequately disclosed. 	<p style="text-align: center;"> green</p>

Assessment

 Marginal accounting policy which could potentially attract attention from regulators

 Accounting policy appropriate and disclosures sufficient

 Accounting policy appropriate but scope for improved disclosure

Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<p>Judgements and estimates – PPE revaluations</p>	<ul style="list-style-type: none"> Note 1-xvi of the accounts sets out the authority's approach to revaluations of property plant and equipment and note 11-a shows the value at the last valuation against fair value. This approach is similar to many other authorities and we are satisfied that the carrying amount of Property, Plant and Equipment (based on these valuations) does not differ materially from the fair value. 	<p>The Council's approach to property plant and equipment revaluations is appropriate under the Code of Practice on Local Authority Accounting in the United Kingdom, the Service Reporting Code of Practice and International Financial Reporting Standards.</p> <p>Judgement is confined to estimates of the useful economic life of assets and this is determined past experience.</p>	<p style="text-align: center;">● green</p>
<p>Other accounting policies</p>	<ul style="list-style-type: none"> We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards. 	<ul style="list-style-type: none"> Our review of accounting policies has not highlighted any issues which we wish to bring to your attention. 	<p style="text-align: center;">● green</p>

Assessment

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate and disclosures sufficient

- Accounting policy appropriate but scope for improved disclosure

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

We have not any deficiencies in internal control during the course of our audit that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit and Governance Committee . We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit.
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Council.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed.
6.	Going concern	<ul style="list-style-type: none"> Our work has not identified any reason to challenge the Council's decision to prepare the financial statements on a going concern basis.

Section 3: Value for Money

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Value for Money

Value for money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are:

The Council has proper arrangements in place for securing financial resilience - the Council 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.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness - the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have considered the Council's arrangements to secure financial resilience against the following themes:

- Key financial performance indicators
- Financial governance
- Financial planning
- Financial control

Overall our work highlighted that the Council is in a strong financial position in absolute terms and also relative to Councils of a similar size. The Council is maintaining financial stability and has good governance arrangements over financial policy.

Challenging economy, efficiency and effectiveness

We have considered the Council's arrangements to challenge economy, efficiency and effectiveness against the following themes:

- Prioritising resources
- Improving efficiency & productivity

Overall our work highlighted that the Council is continuing its focus on medium to long term priorities through its Business Plan and looks for ways to provide services differently while securing those priorities.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

Risk area	Summary observations	High level risk assessment
Key Indicators of Financial Performance	The Council's key indicators of financial performance are strong and are remaining stable over time.	Green
Strategic Financial Planning	The Council has a clear vision for its financial planning within the time-frame it has for the Business Plan. This vision has taken into account long term factors such as demographics and population change. The Council is making progress with its plans for the next Business Plan time-frame.	Green
Financial Governance	The Council has a good framework of arrangements that ensure financial governance and cover the whole planning cycle, includes consultation on proposals and performance reporting, and is underpinned with effective challenge and assurance processes.	Green
Financial Control	The Council has good overall financial control which is reflected in successful budget management.	Green
Prioritising Resources	The Council prioritises its resources based on objectives articulated clearly in the Business Plan. The annual refresh process allows for flexibility while ensuring the underlying priorities are met.	Green
Improving Efficiency & Productivity	The Council can demonstrate through its performance and budget management arrangements that it continues to make improvements in efficiency and productivity. Through its Business Plan it can demonstrate it continues to look for new ways to achieve efficiencies and provide services.	Green
Management of Natural Resources	The Council is mindful of the impact its decisions have on the use of natural resources. It seeks to minimise this impact in its own operations and provides resources for residents and business in the Borough to do the same.	Green

Section 4: Fees, non audit services and independence

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Fees, non audit services and independence

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Council audit	57,428	58,328
Grant certification(TBC)	17,500	17,500
Total audit fees	74,928	74,928

Fee variation

There is additional fee of £900 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for District Councils and is subject to agreement by the Audit Commission.

Fees for other services

Service	Fees £
None	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 5: Communication of audit matters

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Communication of audit matters to those charged with governance

International Standard on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

	Audit Plan	Audit Findings
Our communication plan		
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

Appendix A: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST LANCASHIRE BOROUGH COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of West Lancashire Borough Council for the year ended 31 March 2014 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, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account 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 2013/14.

This report is made solely to the members of West Lancashire Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer 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. Our 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 us 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 Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements: give a true and fair view of the financial position of West Lancashire Borough Council as at 31 March 2014 and of its expenditure and income for the year then ended; and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

Opinion on other matters

In our 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 we report by exception

We report to you if: in our 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; we issue a report in the public interest under section 8 of the Audit Commission Act 1998; we 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 we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

We anticipate we will provide the Council with an unmodified audit report

Conclusion on the 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.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves 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 us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we 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

We have undertaken our 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 2013, 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 us to consider under the Code of Audit Practice in satisfying ourselves 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 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we 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 our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, West Lancashire Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the financial statements of West Lancashire Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Karen Murray
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Spinningfields
Manchester M3 3EB
24 September 2014



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