

Annual Governance Report

Oldham Council

Audit 2009/10

Date: 23 August 2010

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Status of our reports

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

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

Ladies and Gentlemen

2009/10 Annual Governance Report

I am pleased to present the results of my audit work for 2009/10.

I discussed and agreed a draft of the report with the Borough Treasurer and updated it as issues have been resolved.

My report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 13);
- take note of the adjustments to the financial statements set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified, which management has declined to amend or set out the reasons for not amending the errors; (Appendix 3);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 6).

Yours faithfully

Mark Heap
District Auditor

23 August 2010

Key messages

This report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money.

Financial statements	Results	Page
Unqualified audit opinion	Yes	7
Financial statements free from material error	Yes	7
Adequate internal control environment	Yes	8
Value for money	Results	Page
Adequate arrangements to secure value for money	No	12

Audit opinion

- 1 I have substantially completed my audit of the Council's financial statements. I have not identified any material issues at this stage that prevent me from giving an unqualified audit opinion.
- 2 If any further matters arise following the Audit Committee meeting, I will discuss them with the Chair of the Committee.

Financial statements

- 3 I have some minor queries outstanding and I will update this conclusion once these have been answered. Subject to clearance of my outstanding queries, I have not identified any material errors.
- 4 Due to improvements in the accounts preparation process, for the first time in at least five years, there were no material misstatements in the accounts.
- 5 There were also fewer non-material misstatements than in previous years and none identified at the audit have an effect on the Council's available revenue reserves.
- 6 There are some further misstatements which do have an effect on available reserves that management has chosen not to adjust in the accounts but these are not material and do not impact on my audit opinion.

Key messages

Value for money

- 7 I have completed my work in relation to the Value for Money Conclusion. I intend to issue a qualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources, except that it did not have up to date and comprehensive strategic plans in place for managing its assets effectively to help deliver its strategic priorities and service needs.
-

Audit fees

- 8 There is no adjustment in the final outturn audit fee relating to the Council's 2009/10 financial statements. The final fee is as I planned and agreed with you as shown in Table 1 below.
-

Table 1

Audit area	Planned fee 2009/10	Actual fee 2009/10
Financial statements	£190,000	£190,000
VFM Conclusion	£145,000	£145,000
Total audit fee	£335,000	£335,000
Certification of claims and returns	£87,500	Not yet complete

Independence

- 9 I can confirm that there were no relationships giving rise to a threat to independence, objectivity and integrity.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

10 I ask the Audit Committee to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 13);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified that management has declined to amend or set out the reasons for not amending the errors (Appendix 3);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 6).

Financial statements

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

Opinion on the financial statements

11 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 audit report.

Errors in the financial statements

12 Last year I urged you to take action to reduce the number of misstatements to ensure that the Council's financial statements are produced to the expected professional standard – which is that the accounts presented for audit should be free of any material errors.

13 I am pleased to report this year that, subject to satisfactory clearance of outstanding matters, there are no material errors in the accounts and accompanying notes. A number of changes were made to the accounts and supporting notes as a result of my audit work and these are detailed at Appendix 2.

14 Compared with previous years, and despite the early closure and approval of your accounts, the number of other adjustments to the statements has reduced significantly. This is largely due to improved:

- quality assurance (QA) review of the statements which identified and corrected some errors before the accounts were presented for audit;
- project planning;
- working papers;
- audit trail from the ledger to the financial statements, and, crucially,
- the commitment and action of staff in the Finance Service to improve the accounts preparation process.

15 The Borough Treasurer acknowledges that there is further scope for improvement in the QA process and the quality of the working papers and has already put arrangements in place to achieve this next year.

16 Appendix 3 shows the misstatements in the accounts that have not been adjusted by management. Although some of these impact on the Council's outturn position, I am satisfied that the misstatements, both individually and in aggregate, are not material to the financial statements.

Important weaknesses in internal control

17 I am required to report any material weaknesses in internal control. I am pleased to report that I have not identified any such weaknesses.

Recommendation

R1 Members should monitor the arrangements put in place to improve the quality assurance processes and the quality of the working papers submitted to audit.

Key areas of judgement and audit risk

18 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 2.

Table 2 Key areas of judgement and audit risk

Issue or risk	Finding
The recharging methodology is complex and 2008/9 recharges did not reflect the actual costs incurred.	The recharging method adopted in 2009/10 was satisfactory.
Some 2008/9 working papers were poorly cross-referenced and not all major balances were properly supported.	The quality of working papers submitted to audit has greatly improved although the Borough Treasurer acknowledges that there is scope for further improvement.
The implementation of IFRIC 12 in the 2009/10 statements is a significant issue that needs to be addressed.	Treatment of PFI assets under International Financial Reporting Standards (IFRS), particularly the Housing PFI 2 scheme and the valuation of properties was found to be satisfactory. No matters arising.
Budget reports projected a significant overspend. Management action was taken to eliminate the overspends before the year end. There is a risk that the final outturn position is not fairly stated. Furthermore, the Council has produced its accounts a month earlier this year and this increases the risk of material error within the statements	There is evidence that overspends have been properly eliminated. We undertook tests to gain additional assurance that the financial position is fairly stated. No material errors this year.

Financial statements

Accounting practice and financial reporting

19 I consider the non-numeric content of your financial reporting. There are no issues I want to raise with you.

Letter of representation

20 Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 4 contains the draft letter of representation.

Value for money

I am required to decide whether the Council put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness. This is known as the value for money conclusion.

Value for money work

21 I assess your arrangements to secure economy, efficiency and effectiveness against criteria specified by the Audit Commission. I have shown my conclusions on each of the areas in Appendix 5 and a summary of my findings in paragraphs 22 to 37 below.

Managing finances

22 Overall the Council's financial planning processes are improving. Most of the basics are now in place, they are mostly sound and becoming embedded. However, business and service planning is not yet fully integrated with financial planning.

23 There is a three year medium term financial strategy (MTFS) which integrates revenue and capital, and identifies efficiency drivers and risks. The MTFS aims to link key local and national objectives, sets out current and projected financial forecasts and supports the Council's budgets for the next three years.

24 Treasury management arrangements are sound and financial reporting has improved.

25 The Council has made adequate progress this year in developing approaches to understanding costs and performance. Although it has achieved efficiencies of £21m during 2009/10, measures have tended to be more reactive than planned. However, we are confident that the Council is moving towards a more systematic process to ensure efficiency in future.

26 The Council has taken a robust and prudent approach to identifying savings.

Governing the business

27 The procurement function is stronger and more strategic than last year, and has a key role in the efficiency and change programme.

28 The corporate team is working with senior officers to drive improvements in commissioning and procurement practices. The Council can show the impact of managing suppliers more efficiently and there is evidence that effective delivery of procurements has led to a range of benefits.

29 The Council has systems in place to support performance improvement and data quality (DQ). The central team works closely with departments to promote a consistent and improving approach to DQ which is now adequately risk managed and becoming embedded.

30 The Council demonstrates high ethical values.

Value for money

- 31** Risk management arrangements are sound and embedded but there are two areas where improvements are still in progress:
- partnership governance, for which reporting and analysis of the financial management arrangements has begun; and
 - dedicated member training.
- 32** Internal control is sound and counter fraud and corruption arrangements are of a high standard and working well.

Managing resources

- 33** Our review of the Council's arrangements for managing its natural resources was based on the work we carried out last year when we found that the Council is getting the basics right in developing plans and gathering good quality information, with key partners, to make effective use of its natural resources,
- 34** In 2009/10 asset management was weak. The foundations of a strategic, corporate asset management system were being developed in 2009/10, along with agreed funding and staffing levels.
- 35** As a result the Council did not meet minimum requirements in managing its assets to help deliver strategic priorities and service needs for the year 2009/10.
- 36** The Council has adequate arrangements in respect of workforce development. There are some strengths; for example, services are positive about all aspects of the workforce; action is being taken on skills and capacity; apprenticeships have been created; attendance policies are being updated; workforce planning and organisational development are being brought together and there is progress on diversity and people management.
- 37** The Council is beginning to develop corporate level information and strengthen its workforce planning.
- 38** Although Equality Impact Assessments are carried out, there is, as yet, no evidence that they are making a difference.

Value for money conclusion

39 I intend to issue a qualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness, except in the areas highlighted in Table 3. Appendix 1 contains my draft report.

Table 3 Value for money conclusion: criteria assessed as inadequate

Criterion	Finding
Strategic asset management	As at 31 March 2010, the Council did not have up-to-date and comprehensive strategic plans in place for managing its assets effectively to help deliver its strategic priorities and service needs.

Criterion assessed as inadequate

40 As at 31 March 2010, the Council was not meeting minimum requirements in managing its assets to help deliver strategic priorities and service needs.

Arrangements were developed during 2009/10 but were not all in place and operational throughout the year.

41 However, the following arrangements have now been put into place:

- A Corporate Property Group has been established to provide strategic direction on asset related strategies across the organisation;
- A strategic approach to asset management has been developed and agreed by members and a Corporate Asset Management Plan and Corporate Property Strategy was approved by Cabinet in July 2010;
- A three year action plan is in place to address the Council's weaknesses in asset management.
- All bids for capital funding are now required to make reference to strategic plans for assets and the Medium Term Financial Strategy includes the updated Asset Management Strategy;
- Clear ownership is now held by the Executive Director, Economy, Places and Skills, who is the designated Corporate Property Officer. Also, a Member has responsibility for the Council's asset management
- Cabinet agreed, in a report on 9th February 2010, to a major review and rationalisation of Oldham Council's Property portfolio which included the establishment of a dedicated team to deliver the project and to the prioritisation of this project as part of the Council's Capital Programme 2010 - 2012.

Value for money

- Also, during 2009/10 a Corporate Asset Management function was established bringing together, in EPS, responsibility for all Council property. This has the responsibility for reviewing, approving and ensuring best practice and value for money in the way it administers its property portfolio

Recommendation

R2 Members should ensure that the arrangements put in place are adequate and effective.

Glossary

Annual governance statement

- 42** Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 43** It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 44** The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit closure certificate

- 45** A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.

Audit opinion

- 46** On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:
- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
 - whether they have been prepared properly, following the relevant accounting rules; and
 - for local probation boards and trusts, on the regularity of their spending and income.

Qualified

- 47** The auditor has some reservations or concerns.

Unqualified

- 48** The auditor does not have any reservations.

Value for money conclusion

- 49** The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

Opinion on the financial statements

I have audited the Council and Group accounting statements and related notes of Oldham Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The Council and Group accounting statements comprise the Council and Group Income and Expenditure Account, the Council Statement of Movement on the General Fund Balance, the Council and Group Balance Sheet, the Council and Group Statement of Total Recognised Gains and Losses, the Council and Group Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Oldham Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Borough Treasurer and auditor

The Borough Treasurer’s responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

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

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

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered,

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

whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council’s corporate governance procedures or its risk and control procedures

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

Basis of audit opinion

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

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

Opinion

In my opinion:

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

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

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

Council’s Responsibilities

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

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council 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 specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Qualified Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. In so doing, I identified that the Council did not have up-to-date and comprehensive strategic plans for managing its assets.

Having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, I am satisfied that, in all significant respects, Oldham Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010 except for managing its assets effectively to help deliver its strategic priorities and service needs.

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.

Mark Heap
District Auditor, Audit Commission
Aspinall House, Aspinall Close
Middlebrook, Horwich
Bolton BL6 6QQ

Date

Appendix 2 – Amendments to the draft accounts

I identified the following misstatements during my audit and managers have made the necessary adjustments. I bring them to your attention to aid you in fulfilling your governance responsibilities. Tables 4 and 5 only include the most significant items. I have provided the Borough Treasurer with a full list of amendments.

Table 4

Item of account	Value £000	Description of adjusted misstatement	Debit £000	Credit £000	Account
Short Term Investments	5000	RBS 2 years fixed investment misclassified		5000	ST Investments
			5000		LT Investments
Creditors	4928	Housing Market Renewal Fund debits misclassified		4928	Creditors
			4928		Debtors
Group I & E	4709	PFI grant misstated		4709	Group I & E
Group Balance Sheet	540	Miscalculation			
Debtors	389	HRA Bad Debt Provision understated		389	Debtors
			389		HRA

Table 5

Item of account	Disclosure	Description of adjusted misstatement
Group balance sheet		Current liabilities total incorrect.
Group balance sheet		Total assets less current liabilities missing.
Group F Assets	Note G5	Various addition errors.
Group F Assets	Note G5	Land & buildings should be £391.807m.
All statements		Headings need to say 'restated' where applicable.
Financial Instruments	Note 6	Available for sale financial assets @ 31.3.10 should be £12.540m rather than £14.198m
Leases	Note 19	Analysis 2-5 years should be 2011/12 - 2014/15
		Analysis 6 years + should be 2015/16
		Sentence under table 1 should be 2010 not 2009
BVACOP	Net cost of services	Should show gross income and expenditure
SMGFB		Refers to deferred charges rather than REFCUS
Trust Funds	Note 44	Note needs to be amended to remove reference to inclusion of cash within bank overdraft
		Bal Sheet no longer referred to as 'Consolidated'
Officers' emoluments	Note 12	No disclosure that Chief Executive is also clerk to Greater Manchester Waste Disposal Authority.
		Officers disclosed as higher paid employees should be excluded from the bandings disclosures
Post Balance Sheet events	Note 43	Reduced LAA reward grant

Appendix 3 – Unadjusted misstatements in the accounts

I identified the following misstatements during my audit, but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities. If you decide not to amend, please tell us why in the representation letter. If you believe the effect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

Table 6

Item of account	Value £000	Description of unadjusted misstatement	Debit £000	Credit £000	Account
Operational Land & Buildings	1028	PFI Land duplicated		1028	Operational Land & Buildings
			1028		Revaluation reserve
Cash & Bank	575	Trust Fund cash incorrectly included		575	Cash
			575		Creditors
Debtors	298	VAT debtors not supported		298	Debtors
			298		I & E
Cash & Bank	250	Bank charges not included in the accounts		250	Debtors
			250		I & E

Appendix 3 – Unadjusted misstatements in the accounts

Item of account	Value £000	Description of unadjusted misstatement	Debit £000	Credit £000	Account
Housing Revenue Account income	97	Rent income classified as contributions		97	Non-dwelling rents
			97		Contributions
Revaluation reserve	90	Lyndhurst school - reserve debit balance		90	Revaluation reserve
			90		Capital adjustment account
Revaluation reserve	86	Incorrect treatment of impairment		86	Revaluation reserve
			86		Capital adjustment account

Table 7

Item of account	Disclosed as	Description of unadjusted disclosure
Debtors	Note 29	Collection Fund debtor of £1.7m misclassified

Appendix 4 – Draft letter of representation

To:

Mark Heap, District Auditor, The Audit Commission, Aspinall House, Aspinall Close, Middlebrook, Horwich, Bolton BL6 6QQ,

Dear Mark

Oldham Council - Audit for the year ended 31 March 2010

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other chief officers of Oldham Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010. All representations cover the Council's accounts included within the financial statements.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which give a true and fair view of the financial position and financial performance of the Council and for making accurate representations to you.

Uncorrected misstatements

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed in the attached schedule are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with those charged with governance within the Council and the reasons for not correcting these items are as follows;

-
-

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

Irregularities

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

There have been no:

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

I 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; and
- 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.

Law, regulations, contractual arrangements 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 the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

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

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

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and

Appendix 4 – Draft letter of representation

- assets pledged as collateral.

Compensating arrangements

The Council has a compensating arrangement between its bank account, including schools bank accounts. There are no other compensating balancing arrangements with any of our cash or investment accounts.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular, other than those already disclosed in the financial statements:

- there is no significant pending or threatened litigation;
- there are no material commitments or contractual issues; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Post balance sheet events

Since the date of approval of the financial statements by the Audit Committee, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

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.

Specific representations

Signed on behalf of Oldham Council

I confirm that this letter has been discussed and agreed by the Audit Committee on 31 August 2010.

Signed

Name

Position

Date

Appendix 5 – Value for money criteria

KLOE	Met
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
Managing resources	
Natural resources	Yes
Strategic asset management	No
Workforce	Yes

Appendix 6 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Governance Report 2009/10 - Recommendations						
8	R1 Members should monitor the arrangements put in place to improve the quality assurance processes and the quality of the working papers submitted to audit.	3	Borough Treasurer.			
11	Members should ensure that the asset management arrangements put in place are adequate and effective.	3	Corporate Property group.			

The Audit Commission

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

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

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

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