

The Audit Findings for Calderdale Metropolitan Borough Council

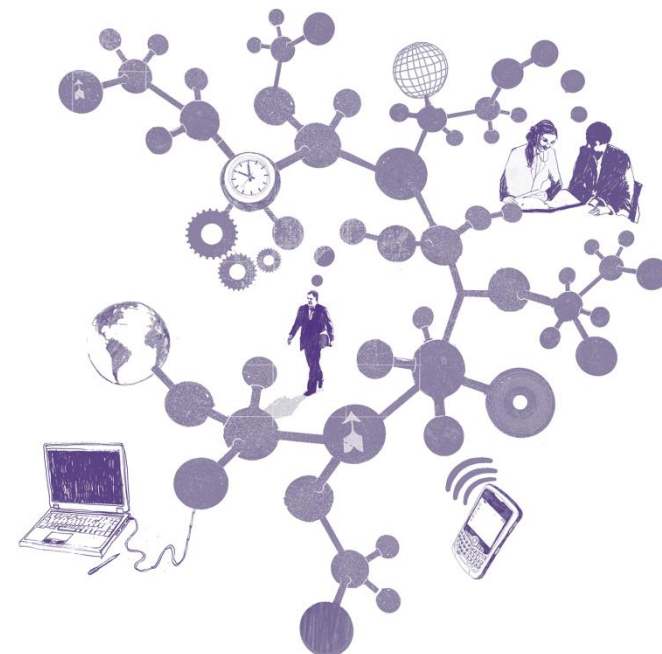
Year ended 31 March 2014

26 August 2014

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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 Calderdale Metropolitan 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 17 March 2014.

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

- review of the final version of the financial statements
- obtaining and reviewing the final management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion; and
- Whole of Government Accounts

We received draft financial statements on 5 June 2014 and supporting working papers at the start of our audit on 23 June 2014, in accordance with the agreed timetable.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion on the financial statements. We have not identified any adjustments affecting the Council's reported financial position. The financial statements record 'total comprehensive income and expenditure' as net income of £56 million.

We did identify a small number of adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Council's financial statements are:

- the draft accounts were produced promptly and were of good quality
- the working papers became available at the start of our audit and were of an acceptable standard
- the audit identified only a very small number of disclosure issues.

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

Value for Money (VfM) conclusion

Based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, and subject to final results of Grant Thornton's national moderation review we propose to give an unqualified VfM conclusion.

Our review of the Council's arrangements to secure economy, efficiency and effectiveness also considered the issues which gave rise to a qualified 'except for' VfM conclusion in 2012/13. This qualification was attributed to the performance of Children's Social Services and previous successive 'inadequate' ratings given by the regulator Ofsted.

Following the issue of a Direction Notice issued by the Secretary of State for Education in October 2013, which set out the actions required to improve the leadership of Children's Social Services, the Calderdale Children's Social Care Improvement Board have demonstrated an improvement in leadership and a positive direction of travel in improving arrangements within Children's Social Services. Commentary from Department for Education (DfE) reviewers indicate that they are satisfied with the progress being made.

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

Whole of Government Accounts (WGA)

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

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 Head of Finance.

We have made a number of recommendations, which are set out in the action plan in Appendix A. Recommendations have been discussed and agreed with the Head of Finance and the finance team.

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
September 2014

Section 2: Audit findings

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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 Committee on 17 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 17 March 2014.

Audit opinion

We anticipate that we will provide the Council with an unmodified opinion on the Council's financial statements. Our audit opinion is set out in Appendix B.

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.	Improper revenue recognition Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition	- review and testing of revenue recognition policies - testing of material revenue streams - review of unusual significant transactions	Our audit work has not identified any issues in respect of revenue recognition.
2.	Management override of controls Under ISA 240 there is a presumed risk of management over-ride of controls	- review of accounting estimates, judgements and decisions made by management - testing of journal entries - review of unusual significant transactions	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. We set out later in this section of the report our work and findings on key accounting estimates and judgments.

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. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Expenditure understated or not recorded in the correct period	We have undertaken the following work in relation to this risk: • Updated our understanding and documentation of the accounting system processes and key controls • Walkthrough of the key controls to determine controls are designed effectively • Substantive testing of sample of expenses payments to ensure valid spend and appropriate categorisation for initial 8 months of financial year. • Substantive testing of additional sample of expenses covering remainder of year to ensure valid spend and appropriate categorisation within net cost of services headings in the comprehensive income and expenditure statement	Our audit work has not identified any significant issues in relation to the risk identified
Operating expenses	Creditors understated or not recorded in the correct period	• Substantive testing of sample of creditors and accrued expenses including reviewing post year end invoices and payments	Our audit work has not identified any significant issues in relation to the risk identified
Employee remuneration	Employee remuneration accrual understated	• Documentation of our understanding of processes and key controls over the transaction cycle • Walkthrough of the key controls to determine if those controls are designed effectively • Substantive testing of sample of items of salary payments to staff records, pay rates and ledger classification covering initial eight months of financial year • Substantive testing of additional sample of salary payments to employees covering final four months of financial year • We have tested termination benefits to confirm they have been properly disclosed in the accounts. • We have tested senior officer remuneration disclosures to confirm they are correctly disclosed in the accounts	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. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Welfare expenditure	Welfare benefit expenditure improperly computed	- Updated our understanding and documentation of the accounting system processes and key controls - Walkthrough of the key controls to determine those controls are designed effectively - Completion of relevant modules of Audit Commission/Department for Work and Pensions programme of work for certification of claim - 'HB Count' modules - As part of this work we also tested Council Tax reductions to confirm eligibility.	Our audit work has not identified any significant issues in relation to the risk identified
Property, plant & equipment	PPE activity not valid	- Updated our understanding and documentation of the accounting system processes and key controls - Walked through a sample item to confirm our understanding - Substantive testing of additions / disposals . - Test existence and ownership of sample of assets	Our audit work has not identified any significant issues in relation to the risk identified
Property, plant & equipment	Revaluation measurement not correct	- Updated our understanding and documentation of the accounting system processes and key controls - Reviewed the work of the Council's expert property valuer	Our audit work has not identified any significant issues in relation to the risk identified

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
Revenue recognition	The Council's policies on revenue recognition are set out following accounting policies: • Accruals of Income and Expenditure • Collection Fund (iro Council Tax and non-domestic rates) • Government grants and other contributions	• The Council's policy is appropriate and consistent with the relevant accounting framework – the Local Government Code of Accounting Practice • Accounting policy is properly disclosed • Judgements on recognition are clearly set out and are appropriate	 Green
Judgements and estimates	Key estimates and judgements include: – useful life of capital equipment – pension fund valuations and settlements – revaluations – impairments – provisions	The Council's policies and judgements are reasonable and appropriately disclosed: • Policies and judgements are in line with the requirements of the Code of Practice • Accounting policies in relation to areas of estimation and judgement are adequately disclosed. Note 29 sets out critical judgements in accounting policies and Note 30 sets out assumptions made about future and other major sources of estimation uncertainty	 Green
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.	Our review of accounting policies has not highlighted any issues which we wish to bring to your attention	 Green

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

Disclosure changes

The table below provides details of disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type		Value £'000	Account balance	Impact on the financial statements
1	Disclosure	N/A	Accounting Policies	These were previously included as a separate statement. However, the Code requires these to be included within the notes to the accounts. These have now been included at Note 38
2	Disclosure	N/A	Note 8 – Valuation of Tangible Assets	Disclosure note expanded to clarify that only material classes of assets are separately identified in Note 5, and non material classes are summarised under 'Other Operational Assets'

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	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other 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	We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	A standard letter of representation has been requested from the Council.
4.	Disclosures	Our review found no material omissions in the financial statements
5.	Matters in relation to related parties	We are not aware of any significant related party transactions which have not been disclosed
6.	Going concern	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 undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control

Overall our work highlighted that whilst the Council faces challenges - particularly in the longer term – its Medium Term Financial Plan is considered sound and current arrangements for securing financial resilience are good.

A separate report on our review of the council's financial resilience arrangements has been prepared and agreed with management. It is due to be presented to the Audit Committee on 1 September and forms a key part of our work to inform our overall VFM conclusion.

Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints within which it is required to operate and whether it has achieved cost reductions and improved productivity and efficiencies.

Our conclusion is that the Council is responding well to the challenges of the reductions in Local Government Funding, delivering savings and targeting its resources effectively.

Value for Money (continued)

We are also required to consider the work and reports of regulators, particularly where this may have an impact on our assessment of the effectiveness of the Council.

In 2012/13 we qualified the vfm conclusion on an 'except for' basis after considering the issue of an Improvement Notice issued by the Under Secretary of State for Children and Families due to poor performance in Children's Social Services. This notice had been issued following an Ofsted inspection of safeguarding arrangements in 2010.

Following further successive 'inadequate' Ofsted ratings in December 2012 and July 2013, the Secretary of State for Education issued a Direction Notice to the Council in October 2013. The Direction Notice set out specific actions the Council was to take to ensure effective leadership for the improvement of Calderdale Children's Social Care, including the effective operation of the Calderdale Children's Social Care Improvement Board (CCSCIB) and the delivery of the Single Integrated Improvement Plan.

Under this intervention, the Council makes regular progress reports to the Secretary of State and a member of the Intervention Service attends the CCSCIB meetings and reports back.

The feedback from the Department for Education indicate that the Council is making satisfactory progress and the direction of travel is positive. The Direction Notice is in place for a further year, whilst the CCSCIB continues to be monitored for effective leadership.

Overall VFM conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects, Calderdale Metropolitan Borough Council 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

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating 2013-14
Key indicators of performance	The Council is performing well against Key Indicators of Performance. The Council has a good track record of delivering its performance within budget and has a sufficient level of reserves to meet its service requirements, with an increase of £5m in earmarked reserves within the year. The Council's liquidity shows good performance, with short term assets significantly greater than short term liabilities and the Council's borrowing is significantly lower than long term assets and compares well against annual tax revenue.	Green
Strategic financial planning	The Council has good financial planning and reviewing processes in place. Each year the Council sets a three year Medium Term Financial Strategy (MTFS), with a refresh of the first two years and a new third year budget.	Green
Financial governance	The Council has a good track record in achieving its budget and cost savings and manages its performance well, with good member engagement in the budget setting and reviewing processes.	Green

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Theme	Summary findings	RAG rating 2013-14
Financial control	The Council has effective governance and assurance arrangements in place. Budgets and cost savings are monitored and performance is effectively challenged by officers and members. The Council has a good internal audit function and experienced and well qualified finance and accountancy officers, responsible for the production of management information and annual accounts. Accounts are produced ahead of the statutory deadline and do not contain material misstatements	Green
Prioritising resources	The Council has effective arrangements in place for ensuring resources are targeted at priority services, and responds to significant social and demographic pressures whilst facing on-going funding reductions.	Green
Improving efficiency & productivity	The Council is effective at monitoring its costs and is engaging in opportunities for shared services, increased partnership working and working collaboratively with the Leeds City region, these initiatives have yet to be implemented fully.	Green

To support our VfM conclusion against the specified criteria we performed a risk assessment against VfM risk indicators specified by the Audit Commission, and additional indicators identified by ourselves. Following completion of our work we noted the following residual risks to our VfM conclusion:

Residual risk identified	Summary findings	RAG rating
Adverse regulator's report or Government Intervention on Calderdale Children's Social Services	The Council was issued with a Direction Notice from the Secretary of State for Education in October 2013. The aim of this intervention was to improve the leadership and direction given to Calderdale Children's Social Services and address the issues identified in successive Ofsted reports. Following the issue of the Direction Notice the Calderdale Children's Social Care Improvement Board (CCSCIB) have provided improved leadership and regular reviews by the Department for Education (DfE) have confirmed that the DfE is satisfied with the progress being made. The Direction Notice remains in place for a further year and the regulator Ofsted are expected to carry out further detailed reviews of Children's Social Care Service later this year.	Amber
The CCG and Local Authority may not have not developed joint plans to address the Health and Social Care Integration Transformation Fund by January 2014 and for sign off by the Health and Well Being Board by March 2014.	The Better Care Fund (BCF) plans were submitted to the appropriate deadlines. The BCF plan includes service redesign but it is also being used to protect Adult Social Care services. The Council is working well with the CCG, local Trusts and other partner organisations on integrating health and social care through operational and strategic groups.	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.

Fees

	Per Audit plan £	Actual fees* £
Council audit	163,085	164,555
Grant certification	27,500	22,493
Total audit fees	190,585	187,048

*Variations in Audit Fees

- The Audit Commission has reduced the fee for grant certification to reflect the fact that the Teachers Pension claim and the National Non-Domestic Rates return are no longer required to be certified under the Audit Commission Code.
- There is additional fee of £1,470 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 metropolitan 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.

Our communication plan	Audit Plan	Audit Findings
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: Action plan

Priority

High – Significant effect on control system

Medium - Effect on control system

Low – Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Finance staff should document the reconciliation performed between the valuer's statement and the asset register (RAM) to ensure completeness.	L	We will extract from the RAM database figures reconciling back to the total certified value per the valuers' statement.	M Bottomley April 2015 (as part of closure of accounts)
2	Finance staff should document their reviews of asset valuations, including their review of the potential implications from the revaluation of specific assets within the major classes of assets on other assets within those classes.	M	We will formally document the processes we go through in reviewing asset values, including assessments of (a) where specific assets within major asset classes have been revalued, any implications for those asset classes as a whole; and	M Bottomley April 2015 (as part of closure of accounts)
3	Finance staff should document their consideration of evidence used to satisfy themselves that the valuation of 'non-revalued' assets remains materially correct for major asset classes.	M	(b) Where no specific assets within major asset classes have been revalued, any evidence to support that those asset class valuations remain materially correct at the balance sheet date	M Bottomley April 2015 (as part of closure of accounts)

Appendix B: DRAFT Audit opinion

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALDERDALE METROPOLITAN BOROUGH COUNCIL (DRAFT)

Opinion on the Authority financial statements

We have audited the financial statements of Calderdale Metropolitan 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 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 Calderdale Metropolitan 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 Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance Responsibilities, the Head of Finance 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 Head of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Foreword to identify material inconsistencies with the audited financial statements. 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 Calderdale Metropolitan 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.

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.

Appendix B: Audit opinion (continued)

DRAFT 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, Calderdale Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

Certificate

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

Mark Heap
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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