

19<sup>th</sup> September 2011

Audit Committee  
Shropshire Council

Dear Sir/Madam

## **Supplementary Annual Governance Report 2008/09**

This letter supplements my annual governance report issued on the 17<sup>th</sup> September 2009 in respect of the 2008/09 audit.

In order to fulfil the requirements of the Audit Commission Act 1998, auditors have to issue an audit certificate. The certificate marks the conclusion of the audit and the completion of the auditors other statutory responsibilities and duties, e.g. dealing with outstanding objections from electors.

In my annual governance report dated 17<sup>th</sup> September 2009, I explained that I could not issue my audit certificate until I had considered certain matters drawn to my attention. This letter sets out these matters and concludes the 2008/09 audit.

### **Audit opinion and value for money (VFM) conclusion**

In my annual governance report issued on 17<sup>th</sup> September 2009 I issued an unqualified audit opinion, and concluded that, in all significant respects, the authority had made proper arrangements to secure VFM.

I am required to revisit my audit opinion and value for money conclusion prior to issuing my audit certificate. I can confirm that no other significant matters have come to my attention that would impact upon, or alter, these judgements.

### **Audit certificate**

In my annual governance report dated 17<sup>th</sup> September 2009, I explained that I could not issue my audit certificate until I had considered an objection in respect of expenditure related to Community Transport (as part of the Demand Response Transport service) incurred under powers contained in the Transport Acts 1985 and 2000. I dismissed this objection in December 2010.

In August 2009 Shropshire Council received an information request under section 15 of the Audit Commission Act 1998 in respect of the Waste Payment Mechanism part of the Waste Contract between the Council and Veolia ES Shropshire. The requirements and boundaries to be applied by

councils when considering the disclosure of commercially confidential information under section 15 Audit Commission Act 1998 had been the subject of a long running court case between Veolia ES Nottinghamshire Ltd v Nottingham County Council. As the court case was ongoing the audit was not certified closed in order that public rights of inspection and challenge remained open pending its resolution. The Appeal Court reached a ruling in October 2010 and, having taken legal advice, the Council's view was that the information it had provided complied with the ruling. I have provided those involved with the opportunity to exercise their statutory rights but this was not taken up.

No other significant matters have come to my attention since 17<sup>th</sup> September 2009 that impact upon my other statutory duties. I therefore propose to issue my certificate of closure on the 2008/09 audit (Appendix 1 contains my draft certificate).

### **Letter of representation**

Before I issue my certificate, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. This was originally provided to me on 17<sup>th</sup> September 2009. However, given the time that has elapsed I am required to ask you for an update. Appendix 2 contains the draft letter of representation.

### **Independence**

I confirm that I have complied with the Audit Practice Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence. I can also confirm there were no relationships resulting in a threat to independence, objectivity and integrity.

Yours sincerely

**Grant Patterson**  
*District Auditor*

**Draft independent auditor's report to Members of Shropshire Council****Issue of audit opinion**

In my audit report for the year ended 31st March 2009 issued on 30th September 2009 I reported that, in my opinion, the financial statements presented fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31<sup>st</sup> March 2009 and its income and expenditure for the year then ended.

**Issue of conclusion**

As stated in my audit report for the year ended 31<sup>st</sup> March 2009 issued on 30<sup>th</sup> September 2009, I reported that in my opinion, in all significant respects, Shropshire County Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31<sup>st</sup> March 2009.

**Certificate**

In my report dated 30<sup>th</sup> September 2009, I explained that the audit could not be formally concluded on that date until consideration of matters brought to my attention by local authority electors had been completed. These matters have now been dealt with. No other matters have come to my attention since that date that would have a material impact on the financial statements on which I gave an unqualified opinion and value for money conclusion.

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.

**Grant Patterson**

District Auditor

20<sup>th</sup> September 2011

**Draft letter of representation**

To:

Grant Patterson,  
District Auditor,  
Audit Commission,  
1st & 2nd Floors, No.1 Friarsgate,  
1011 Stratford Road,  
Solihull B90 4BN

**Shropshire County Council - Audit for the year ended 31<sup>st</sup> March 2009 – Updated Management Representations**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors, officers and officials of Shropshire Council (as the successor to Shropshire County Council), that:

- the representations made in the Letter of Representation signed and dated 17<sup>th</sup> September 2009 remain valid; and,
- specifically, since the date of approval of the financial statements by the Authority no additional significant post balance sheet events have come to my attention which would require additional adjustment or disclosure in the financial statements.

**Signed on behalf of Shropshire Council (successor body to Shropshire County Council)**

I confirm that this letter has been discussed and agreed by the Audit Committee on 20<sup>th</sup> September 2011.

Signed

Name

Position

Date