

## **APPOINTED AUDITOR'S REPORT TO THE MEMBERS OF HYNDBURN BOROUGH COUNCIL**

### **Issue of audit opinion on the financial statements**

In the previous Appointed Auditor's audit report for the year ended 31 March 2012 issued on 27 September 2012 the auditor reported that, in her opinion, the financial statements:

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

Since that audit report was issued, the following matters have come to our attention:

- The Council has not accounted for its property, plant and equipment in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12. As a result, the Capital Adjustment Account is understated and the Revaluation Reserve overstated by £387,563, which represents the difference between the fair value depreciation charged to Services and the depreciation that would have been charged if the assets had been accounted for at depreciated historical cost.
- The Council has classified income and expenditure relating to Markets incorrectly in the Comprehensive Income and Expenditure Statement. In order to reflect the asset classification of market buildings this income and expenditure should have been classified as Trading Undertakings from Investment Properties. As a result, Trading Undertakings expenditure is understated and Investment Properties expenditure is overstated by £479,890, and Trading Undertakings income is understated and Investment Properties income overstated by £611,937. There is no net impact on the Surplus on Provision of Services.
- The Council has not properly eliminated central service recharges in the Comprehensive Income and Expenditure Statement in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13. The gross expenditure and income on Central Services to the Public is overstated by £1,702,050 and gross expenditure and income on Environmental and Regulatory is overstated by £175,870. In addition, Central Service recharges had been incorrectly eliminated in two service areas. As a result, Corporate and Democratic core costs are understated by £977,931, Environmental and Regulatory Services costs are understated by £47,207 and Central Services to the Public costs are overstated by £1,025,138.

### **Issue of value for money conclusion**

In the previous Appointed Auditor's audit report for the year ended 31 March 2012 issued on 27 September 2012, she reported that in her opinion, in all significant respects, Hyndburn Borough Council put in place proper arrangements to secure

economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

### **Certificate**

In the previous Appointed Auditor's report dated 27 September 2012, she explained that the audit could not be formally concluded on that date because the auditor was asked to consider a matter brought to her attention by a local authority elector. The Appointed Auditor determined that the audit could not be concluded until this matter was considered. She referred the matter to Grant Thornton, as the new appointed auditor for Hyndburn Borough Council, to consider and decide the matter.

The work on the matter brought to the auditor's attention has now been dealt with. No other matters have come to our attention since that date that would have a material impact on the financial statements on which the previous auditor gave an unqualified opinion and value for money conclusion.

As the Appointed Auditor from 1 November 2012, we certify that we have completed the audit of the accounts of Hyndburn 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

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Date: 23 September 2013