



The Audit Findings for Barrow in Furness Borough Council

Year ended 31 March 2013

26 September 2013

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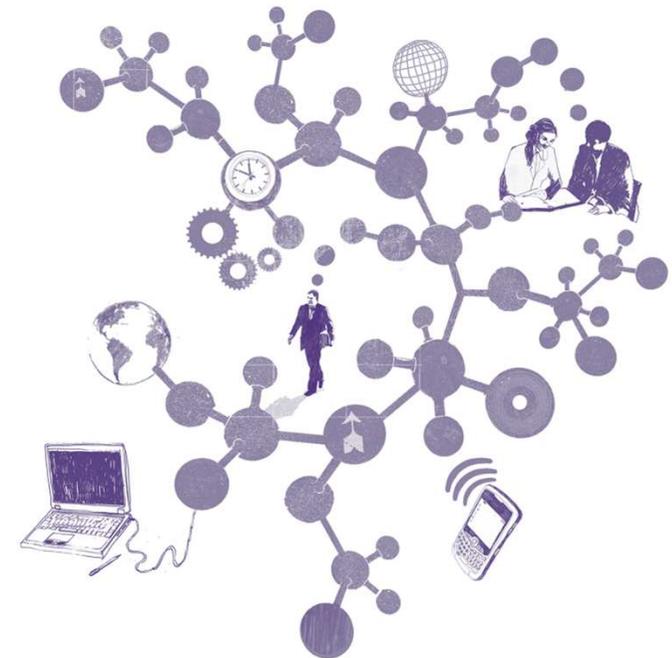
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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is 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 Barrow in Furness Borough Council's ('the Council') financial statements for the year ended 31 March 2013. 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 27 June 2013.

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;
- review of final version of the Annual Governance Statement;
- updating our post balance sheet events review, to the date of signing the opinion; and
- reviewing the Whole of Government Accounts (WGA) statements.

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

Key issues arising from our audit

Financial statements opinion

We expect to provide an unqualified opinion on the financial statements.

We identified one non-adjusted item which, had it been amended, would have affected the Council's reported financial position, reducing the reported deficit of £5.322M to £4.718M, and increased the Council's usable reserves by £604,000. Details are recorded in section 2 of this report.

Material adjustments were made to the Cash Flow Statement to correct errors made when compiling the statement. This issue has no impact on the other primary statements.

We have also agreed a number of presentational amendments to the financial statements to improve clarity and ensure full compliance with the CIPFA Code of Accounting practice.

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 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 have not already been reported, accordingly there are no issues which we wish to highlight here for your attention.

Further details are provided within section 2 of this report.

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.

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 Borough Treasurer 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 2013

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 27 June 2013. We also set out the adjustments to the financial statements 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 in June 2013.

Audit opinion

We expect to provide the Council with an unqualified opinion. 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.	<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"> examined and tested the policies for recognising revenue completed testing on material revenue streams examined any unusual significant transactions 	<p>Our audit work has provided assurance that there are adequate controls in place to ensure income and expenditure is appropriately recorded and not subject to manipulation.</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"> assessed entity-level controls at the Council e.g. journals and role of the Audit Committee reviewed information technology (IT) general controls reviewed and tested significant accounting estimates, judgements and decisions made by management tested a sample of journal entries using computer assisted audit techniques (CAATs) reviewed any unusual significant transactions 	<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 judgements.</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. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Operating expenses understated	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> • documented our understanding of the processes and key controls over the operating expenses cycle • undertaken walkthrough of the key controls to assess whether those controls are designed effectively • attribute testing of a sample of transactions processed through the creditors system. 	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	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> • documented our understanding of the processes and key controls over the operating expenses cycle • undertaken walkthrough of the key controls to assess whether those controls are designed effectively • substantive testing of creditors including post year end payment for cut-off 	Our audit work has not identified any significant issues in relation to the risk identified.

Audit findings against other risks

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
HRA Rental Revenue	Housing revenue transactions not recorded	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of the processes and key controls over the HRA rental revenue cycle • undertaken attribute testing on a sample of rent charged to tenants in the 2012-13 financial year • reconciled rent recorded in the Housing Revenue Account to the Authority's housing rent system. 	Our audit work has not identified any significant issues in relation to the risk identified.
Welfare expenditure	Welfare benefits improperly computed	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of the processes and key controls over the transaction cycle; • established that the correct parameters have been input to the system to calculate benefit payments made to claimants during the 2012-13 financial year; • confirmed that the Council has followed the software supplier's instructions to produce its housing and council tax benefit subsidy claim form; and • tested a sample of payments made to claimants in the 2012-13 financial year to confirm that the correct amount was paid out and the correct amount of subsidy has been claimed by the Council. 	Our audit work has not identified any significant issues in relation to the risk identified.

Audit findings against other risks

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Employee remuneration	Remuneration expenses not correct	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none">• documented our understanding of processes and key controls over the operating expenses cycle• undertaken walkthrough testing of the key controls to assess whether those controls are designed effectively• substantive testing of sample of payments to employees	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	<ul style="list-style-type: none"> Revenue from the provision of goods or services is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits will flow to the Authority. Government Grants are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments 	<ul style="list-style-type: none"> The Council's policy is appropriate and consistent with the relevant accounting framework – the Local Government Code of Accounting Practice Minimal judgement is involved Accounting policy is properly disclosed 	 GREEN
Judgements and estimates	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> useful life of capital equipment pension fund valuations and settlements revaluations impairments provisions/accruals 	<ul style="list-style-type: none"> The Council's policy is appropriate and consistent with the relevant accounting framework – the Local Government Code of Accounting Practice Reliance on experts is taken where appropriate Accounting Policy is properly disclosed 	 GREEN
Other accounting policies	<ul style="list-style-type: none"> The Council has adopted accounting policies in accordance with the Local Government Code of Accounting Practice 	<ul style="list-style-type: none"> 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

Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all non-trivial misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management. Additionally, some presentational amendments were also agreed with management to improve the financial clarity of the financial statements

Impact of adjusted misstatements.

	Detail	Impact on primary financial statements
CASH FLOW STATEMENT		
1	The Cash Flow Statement had not been compiled on an appropriate basis. Whilst the original Cash Flow statement balanced back to the movement in the value of the Cash and Cash Equivalents recorded in the Balance Sheet, the split between cash flows attributable to operating activities, investing activities and financing activities was incorrect. In particular, there were material errors relating to the disclosure of cash flows relating to pensions and capital grants.	Yes – amendments have been made to the 2012-13 figures and the prior year comparators in the Cash Flow Statement to ensure that all cash flows reported have been prepared on an appropriate and consistent basis.
EXPLANATORY FOREWORD		
2	We agreed a number of changes with the Borough Treasurer. These changes were necessary to improve the clarity of the foreword and to ensure it provides a concise and easily-comprehensible summary of the Council's financial performance and position.	None – amendments made improve the linkages with the primary financial statements and supporting disclosure notes and provide a clearer narrative setting out the key factors impacting on the Council's financial performance during the financial year

Adjusted misstatements (continued)

Detail	Impact on primary financial statements
LEASES DISCLOSURE NOTE	
<p>3 The leasing disclosure Note 37 presented to audit omitted income receivable from Waterside House, leased to BAE Systems for a term of 25 years during 2012/13.</p> <p>Information relating to the lease was collated for financial reporting purposes, but it was overlooked when compiling the disclosure note for inclusion in the accounts.</p>	<p>None – 2012/13 leasing income had been properly accounted for in the Comprehensive Income and Expenditure Account.</p> <p>The leasing Note 37 now reflects income receivable in 2012/13 and over the lease duration.</p>
SEGMENTAL REPORTING	
<p>4 The segmental reporting note sets out the income and expenditure attributable to each Directorate and reconciles the amounts recorded to information recorded in the Comprehensive Income and Expenditure account. Our testing found that the Council had not recorded on a gross basis income and expenditure relating to the Forum arts centre. The amendment made increases gross Directorate income by £372,000 and gross Directorate expenditure by £372,000.</p>	<p>None – income and expenditure relating to the forum has been recorded on a gross basis in the Comprehensive Income and Expenditure Account.</p>

Unadjusted misstatements

The table below provides details of adjustments identified during the audit but which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Account £	Balance Sheet £	Reason for not adjusting
MUTUAL MUNICIPAL INSURANCE (MMI) PROVISION			
1 The Council is a member of the MMI insurance scheme of arrangement. The arrangement was set-up to achieve a solvent run-off for the scheme. The scheme requires the Council to make contributions based on amounts advised by the Scheme Administrator. A provision was established in 2012-13 to recognise the Council's legal obligation to make these payments. The Council has set aside £1.018M to meet potential liabilities, a provision of £806,000 and £212,000 which is provided for as a creditor. Having revisited correspondence with the Scheme Administrator, the Borough Treasurer has agreed with our assessment that, based on current information, the Council's worst case financial exposure is £414,000. Accordingly, provisions are overstated by £604,000.	£604,000	£604,000	Adjustment would have a knock-on impact throughout the financial statements without materially affecting the Council's reported financial position. The Borough Treasurer intends to adjust for this item in 2013/14, taking account of the latest information. This issue is referred to in the Letter of Representation to be signed by members of the Audit Committee.
Overall impact	£604,000	£604,000	

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. There were no issues arising from our review and testing that we have not already reported on, accordingly there are no issues that we need to bring to your attention.

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 Committee and have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures. The Audit Commission's national Fraud Initiative (NFI) is available to all public authorities and the Council's staff are reviewing the extensive database and following up any matches to establish whether there is any fraud.
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 standard 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
- review regularly the adequacy and effectiveness of these arrangements.

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

- **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 following three expected characteristics of proper arrangements as defined by the Audit Commission:

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

Overall our work concluded that whilst the Council faces financial challenges, particularly from 2015/16 onwards, its current arrangements for securing financial resilience are good.

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. Following concerns raised by Councillors over the cost of Housing and Council Tax Benefits and revenues services, officers are reviewing the contract arrangements for the services provided by Liberata.

Due to concerns raised by the previous auditor regarding tendering and contracting arrangements, we undertook a short follow-up review and found them to be sufficient.

Our overall conclusion is that the Council is responding well to the challenges of the Local Government Finance Settlement, delivering savings and targeting its resources effectively.

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 put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

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 provision of non-audit services

Fees

	Per Audit plan £	Actual fees £
Council audit	67,259	67,259
Grant certification*	22,300	22,300
Total audit fees	89,599	89,599

* Certification work is on-going. The final fee will be reported to the Audit Committee later in the year in our annual certification report.

Fees for other services

Service	Fees £
Provision of benchmarking information and analysis relating to the Housing and Council Tax Benefit	10,000 (to date)

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: 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	Review the approach to preparing the Cash Flow Statement to ensure that all amounts reported are derived from the correct source.	Medium	Neighbouring authorities use the CIPFA Cash Flow Toolkit and having spoken to colleagues and discussed our own preparation methods with my Chief Accountants, we are in the process of arranging a site visit with a view to acquiring the software and training. The 2012-2013 Cash Flow Statement will be recreated in the toolkit during the first quarter of 2014.	31 March 2014, Borough Treasurer
2	Consider the content and the structure of the Explanatory Foreword, as part of the 2013-14 closedown process, to ensure that the foreword provides a 'concise and understandable guide for the reader of the most significant aspects of an authority's financial performance' as per CIPFA guidance.	Medium	Constructive discussions with the auditors around the presentation of the foreword during the 2012-2013 audit has helped to establish a clear basis for the layout for future years. I will ensure that the explanatory foreword is concise and highlights the key issues for readers of the accounts.	31 March 2014, Borough Treasurer

Appendix B: Audit opinion

We expect to provide the Council with an unqualified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARROW IN FURNESS BOROUGH COUNCIL

Opinion on the Authority's financial statements

We have audited the financial statements of Barrow in Furness Borough Council for the year ended 31 March 2013 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 2012/13.

This report is made solely to the members of Barrow in Furness 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 Borough Treasurer and Auditor

As explained more fully in the Statement of the Borough Treasurer's Responsibilities, the Borough Treasurer 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 Borough Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the foreword by the Borough Treasurer 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 Barrow in Furness Borough Council as at 31 March 2013 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 2012/13.

Opinion on other matters

In our opinion, the information given in the foreword by the Borough Treasurer 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.

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 November 2012, 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 2013.

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.

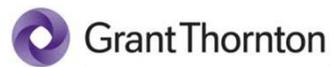
Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Barrow in Furness Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

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

Gina Martlew
Associate Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
95, Bothwell Street, Glasgow, G2 7JZ



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