

# Independent Auditor's Report to the Members of Chichester District Council



## Opinion on the financial statements

We have audited the financial statements of Chichester District 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 and related notes 1 to 38 and Collection fund and related notes 1 to 3. 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 Chichester District Council, as a body, 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 District Treasurer and auditor

As explained more fully in the Statement of the District Treasurer's Responsibilities set out on page 15, the District 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 2012-13, 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 District Treasurer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Statement of Accounts 2012-13 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 Chichester District Council as at 31 March 2013 and of its income and expenditure for the year then ended; and

- have been prepared properly 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 Statement of Accounts 2012-13 for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I 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 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.

Paul King  
For and on behalf of Ernst and Young LLP, Appointed Auditor  
Apex Plaza,  
Forbury Road  
Reading  
RG1 1YE

xx September 2013

## **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, Chichester District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Paul King  
For and on behalf of Ernst and Young LLP, Appointed Auditor  
Apex Plaza,  
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## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

2011-12 £000		2012-13 £000
(691)	Net (surplus) or deficit on the provision of services	1,574
1,638	Adjustments to net surplus or deficit on the provision of services for non-cash	(691)
676	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	619
<b>(1,623)</b>	<b>Net Cash flows from Operating Activities</b>	<b>1,502</b>
(774)	Interest Received	(646)
0	Interest Paid	28
0	Finance Lease interest paid	0
0	Dividends Received	0
	<b>Investing Activities</b>	
3,675	Purchase of property, plant and equipment, investment property and intangible assets	5,891
196,950	Purchase of short-term and long-term investments	189,823
57	Other payments for investing activities	65
(39)	Proceeds from the sale of property, plant and equipment, non-current assets held for sale, investment property and intangible assets	(802)
(197,650)	Proceeds from short-term and long-term investments	(199,823)
(241)	Capital Grants	(1,425)
(1,096)	Other receipts from investing activities	(949)
	<b>Financing Activities</b>	
0	Cash receipts of short term and long term borrowing	0
(1,015)	Other receipts from financing activities	0
0	Cash payments for the reduction of outstanding liabilities relating to finance leases	0
0	Repayment of short term and long term borrowing	0
38	Other payments from financing activities	1,406
<b>1,528</b>	<b>Net (increase) / decrease in cash and cash equivalents</b>	<b>(4,930)</b>
<b>3,356</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>1,828</b>
	<b>Cash or cash equivalents at the end of the reporting period (see Note 16)</b>	
7	Cash held	5
721	Current bank accounts	903
1,100	Short-term deposits	5,850
<b>1,828</b>		<b>6,758</b>

