

Annual Audit and Inspection Letter

January 2006



Annual Audit and Inspection Letter

London Borough of Enfield

Audit 2004-2005

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Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

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Key messages

Council performance

- 1 The Council is improving well and has achieved an overall Comprehensive Performance Assessment (CPA) of three stars. Improvements have been delivered in key services including street cleaning, community safety and recycling, in line with Council priorities, although progress in housing, regeneration and services for older people is less consistent. Overall customer satisfaction is increasing. Effective partnership working is enabling the Council to address issues that matter to local people.
- 2 The Council's increasing emphasis on value for money needs to be further developed. Overall costs are high when compared to nearest neighbour councils, although this in part reflects corporate priorities.

Accounts and governance

- 3 Accounting and governance arrangements are generally satisfactory. We issued an unqualified opinion on the Council's 2004/05 accounts on 31 October 2005. The general fund balance has been maintained in line with the Council's target level, although financial pressures are continuing in 2005/06 and the medium to longer term. Standards of financial conduct and the arrangements to prevent and detect fraud and corruption and to maintain the legality of financial transactions are generally satisfactory. However, weaknesses in the award of the SEN transport contract indicate that internal financial controls are not consistently exercised.

Action needed by the Council

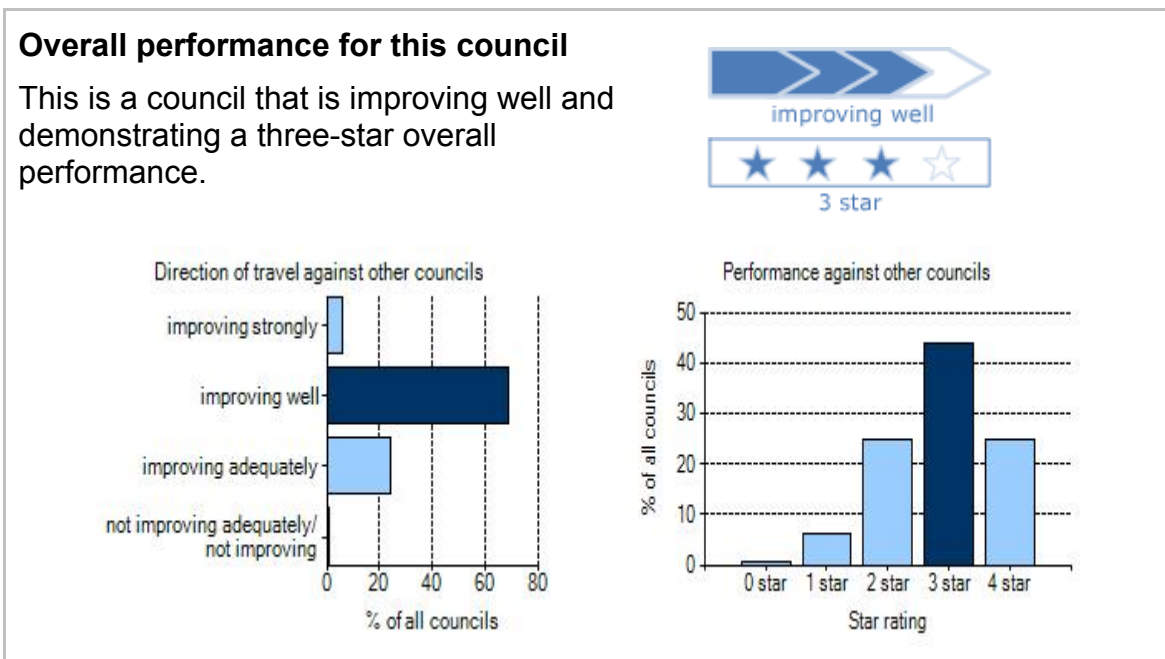
- 4 The Council needs to:
 - integrate the findings of the latest CPA, in particular the corporate assessment, into its implementation plan, to support continuous improvement;
 - enhance focus on housing, regeneration and social care for adults;
 - establish and implement plans to deliver the arms length management organisation and the Decent Homes Standard;
 - develop and embed initiatives to demonstrate further value for money in services; and
 - implement an action plan in response to the recent reviews of the SEN transport contract award.

Performance

CPA scorecard

- 5 The CPA judgements this year have been made using the revised methodology: CPA - the harder test. As the title implies, CPA is now a more stringent test, with more emphasis on outcomes for local people and value for money. We have also added a new dimension, a Direction of Travel judgement, which measures how well the Council is improving. The Council has been assessed as follows under the new framework.

Figure 1 CPA assessment



- 6 Further details of the individual assessments that support the Council's overall three-star assessment are set out in Table 1 overleaf.

Table 1 CPA scorecard

Element	Assessment (out of 4)
Current performance	3
Children and young people	3
Social care (adults)	2
Use of resources	3
Housing	2
Environment	2
Culture	3
Benefits	4
Corporate assessment/capacity to improve	3

(Note: 1=lowest, 4=highest)

Direction of Travel report

- 7 The Council is performing well and has delivered improvements in key services including street cleaning, community safety and recycling, in line with Council priorities. Overall, customer satisfaction is increasing. Effective partnership working is enabling the Council to address issues that matter to local people, such as anti-social behaviour and health promotion. Services for children and young people in Enfield are performing well. The benefits service has continued to improve, achieving the highest assessment category in 2005, compared to the lowest in 2002. However, progress in housing, regeneration and services for older people is less consistent. Capacity has been enhanced through better partnership working, although it remains stretched in some key services, such as planning and regeneration. Performance management needs to be further improved, particularly in relation to complaints' handling and target setting. The Council's increasing emphasis on value for money needs to be further developed. Enfield is clear about what it wants to achieve and keeps its focus well. Based on the Council's current plans, it is well-placed to improve further the services delivered to local people.

Corporate assessment

- 8 During autumn 2005, the Audit Commission carried out a corporate assessment under the revised CPA framework. The purpose was to assess how well the Council engages with and leads its communities, delivers community priorities in partnership with others, and ensures continuous improvement across the range of Council activities. The Council was one of the first authorities to be assessed under the new methodology.
- 9 The assessment concluded that the Council is performing well (three out of the maximum four). Strengths identified included:
 - a well-articulated vision, underpinned by clear ambitions and priorities;
 - good achievements in some of its shared priorities, such as community safety, the streetscene, environmental health, healthier communities and children and young people;
 - community leadership and partnership working; and
 - good member-officer relationships, effective financial management and a culture of open debate to resolve issues.
- 10 The Council also faces a number challenges which need to be overcome if the Council is to fully realise its ambitions, in particular:
 - developing HR and ICT capacity in services such as regeneration and planning;
 - improving consistency in performance management, including promoting customer access in setting service standards and developing more robust targets;
 - applying the consultation and communication framework consistently. The Council needs to apply examples of successful consultation, such as the Enfield Youth Assembly, to other areas, such as older people and BME groups;
 - clarifying responsibility for diversity and equality issues at corporate board level, although work is underway in some partnerships such as health. The Council also needs to improve its data recording about the ethnic origins of its staff in order to achieve the target of Level 3 of the Race and Equality Standard by the target date of 2006;
 - continuing the focus on improvement in less well performing services; and
 - for housing, establishing the arms length management organisation and developing a strategy to meet the Decent Homes Standard.
- 11 Our detailed findings and recommendations were published in our report in December 2005. The Council needs to consider our recommendations and integrate the actions arising into its improvement planning process.

Other Audit Commission inspections

12 In addition to the corporate assessment, we published the results of two inspections during 2005:

- housing repairs and maintenance; and
- transporting people.

Housing repairs and maintenance

13 Our report was published in August 2005 and concluded that the Council operated a fair, one-star service that had promising prospects for improvement. There were many good aspects to the Council's service, such as:

- staff delivering frontline services are experienced and knowledgeable, and there have been improvements in customer care;
- the Council is providing a satisfactory responsive repairs service in terms of speed and quality; and
- there is a formal structure for resident consultation, and a framework for improving the performance management of contractors.

14 However, we also noted that:

- there is room for further progress on the speed and quality of repairs;
- repair reporting by telephone is hindered by ineffective and outdated systems at district housing offices, and the IT system is unable to identify vulnerable residents;
- the level of emergency and urgent repairs remains high, and performance on gas servicing needs to improve; and
- further improvements are needed in consultation with leaseholders.

15 We considered that the Council had promising prospects for improvement, as it has demonstrated its commitment to improvement by acting on the issues identified in the 2003 repairs and maintenance fundamental service review. This has delivered improvements in most areas of performance and the Council has been able to set triggers for under-performance. There has been an investment in training and good and effective systems have been put into place for financial, performance and information management. The Council now needs to sustain its focus in order to deliver its planned improvements. The Council has developed an action plan in response to our report.

Transporting people

- 16 Our report was published in October 2005 and concluded that the Council offered a fair, one-star service, with uncertain prospects for improvement. We noted a range of improvements in the Council's service from the original 2003 inspection, including:
- improved user satisfaction;
 - improved punctuality;
 - better communication with carers;
 - improved investment in staff training; and
 - the replacement of some aging vehicles.
- 17 However:
- contract arrangements are unclear and quality standards are not consistently applied;
 - health and safety protocols have not always been followed;
 - a formal performance monitoring framework is not in place; and
 - actions still need to be taken to aid understanding of the diverse needs of users.
- 18 The Council is committed to improvement and there is evidence that members and senior management are prepared to take difficult decisions. A comprehensive training programme for escorts is now underway, and passenger information arrangements are being refined to allow a more tailored response to children's needs. However, we considered that prospects for improvement were uncertain as the Council did not have a formal performance monitoring system for the service and there had been a failure to undertake the appropriate level of contract monitoring. There were also delays in implementing the service improvement plan developed after our last inspection. We concluded that the service lacked the sustained focus needed to deliver its priorities.

Other performance work

- 19 We carried out performance management reviews in the following risk areas during 2005:
- value for money (as part of our use of resources judgement);
 - Local Public Service Agreement (LPSA);
 - organisational review of Education, Children's Services and Leisure; and
 - regeneration.

Value for money

- 20** The Council performs adequately on securing value for money. Overall costs are high when compared to nearest neighbour councils, although this in part reflects corporate priorities (for example, in education). However, although service performance is improving overall, over 50 per cent of best value performance indicators remain in the lower quartiles and recent inspections have highlighted that the Council needs to demonstrate value for money more effectively, in particular in some of the high-cost areas.
- 21** There has been an increased focus on value for money over the last 18 months, with improved member involvement and a resultant increase in efficiency and challenge activities. In particular, additional unit costing and other information (for example, procurement spend analysis, business process re-engineering review programme, and statutory and discretionary service analysis) has been produced which should now enable the Council to enhance its focus on value for money considerations.

LPSA

- 22** The Council entered into a three-year LPSA covering the period 2003/06. The Council also applied successfully to set up a local area agreement (LAA). Our review of the current LPSA concluded that it was working well and identified some areas for improvement which can be carried forward to the LAA arrangements:
- partnership working should look to develop mechanisms for measuring and demonstrating value for money;
 - the allocation of any Performance Reward Grant should be agreed with partners. This needs to be handled sensitively to prevent any destabilisation of partnership working;
 - the Council needs to balance the role of accountable officer against the apparent inclination of some partners to take increasing responsibility for delivery; and
 - the Council needs to consider whether the current non-fettering and non-binding partnership agreements remain appropriate.

Organisational review

- 23 The Council has successfully maintained service delivery whilst undergoing organisational transformation. We concluded that the Council was well placed to meet the requirements of the Children's Act. However, we identified some barriers to progression, which the Council is aware of:
- capacity at senior management level, and in performance management and quality assurance, needs to be monitored carefully to ensure the Council can continue to deliver improvement;
 - capacity within the voluntary sector appeared insufficient to enable the key partners to participate fully in the development of integrated children's services;
 - the information sharing protocol needs to be developed further; and
 - the expectations of staff and partner agencies need to be managed.

Regeneration

- 24 Our review of regeneration considered the Council's overall strategy, supported by specific case studies. We identified a need for greater clarity with regard to the Council's strategic approach to regeneration. Whilst the 'Sustaining Communities in Enfield' strategy reflects the community strategy and other overarching regional frameworks, it does not provide a clear framework for inward investment or make clear how projects are linked to provide a range of integrated measures. This lack of clarity impacts on the capacity of officers to deliver improvements, as well as partners' understanding of the Council's vision and approach. The Council is planning to review and update its strategy towards the end of 2005.
- 25 Our case studies showed that the Council's Neighbourhood Renewal Funding (NRF) commissioning framework was robust with tight project, financial and risk management arrangements. The NRF framework demonstrated effective working with the Enfield Strategic Partnership, and provided a model which could be applied to other regeneration projects within the borough. Our review of arrangements for economic development projects, however, showed the Council applied a different approach. In our view, there was a risk that the level of strategic political and officer overview was not as great as for NRF projects.
- 26 The outcome of the Council's work on regeneration presented a mixed picture. There were clear outcomes for 'hard' projects, such as the physical redevelopment of industrial estates and the safeguarding and retention of jobs, but the development of outcomes for social economic projects is still at an early stage.

Performance information

- 27 Our approach to the audit of performance indicators changed during 2005/06 to reflect the new Code of Audit Practice. We audited 12 indicators identified by the Audit Commission as high risk and contributing directly towards the CPA scorecard, together with a sample of additional indicators selected through a local risk assessment. All audited indicators were assessed as satisfactory.
- 28 We have also completed our compliance audit of the Council's 2005/06 best value performance plan and issued our report on 21 December 2005. The report did not contain any statutory recommendations.

Working with other inspectorates and regulators

- 29 An important aspect of the role of the relationship manager is to work with other inspectorates and regulators who also review and report on the Council's performance and with whom we share information and seek to provide 'joined up' regulation. These include:
- Ofsted;
 - Commission for Social Care Inspection (CSCI);
 - Benefits Fraud Inspectorate (BFI);
 - DfES; and
 - the Government Office for London.

Accounts and governance

Audit of the 2004/05 accounts

- 30 The published accounts are an essential means by which the Council reports its stewardship of the public funds at its disposal and its financial performance in the use of those resources. Members approved the Council's annual accounts on 20 July 2005, in advance of the statutory deadline. The accounts were well prepared and with good supporting working papers. We issued an unqualified opinion on the 2004/05 accounts on 31 October 2005.
- 31 We are required by professional standards to report to those charged with governance (in the Council's case, the Audit Committee) certain matters before we give an opinion on the accounts. We reported on 26 October 2005 that there were no significant issues arising, subject to the satisfactory completion of outstanding audit work. Completion of that work identified that officers will need to ensure that the accounts submitted for audit in future years are prepared on the basis of the latest available outturn information on grants receivable, for example for housing benefits, from Government departments.
- 32 Looking further to 2005/06, the Council will need to retain its focus to ensure the more onerous requirements of the 'Whole of Government Accounts' initiative are met, as the deadlines again move forward, and improve the consistency of working papers across the board. The Council should also produce an accessible and informative annual report which includes summary accounts and other important financial information.

Financial standing

- 33 The Council manages spending within available resources, with the 2004/05 outturn in line with budget. As a result, general reserves at the close of 2004/05 were £11 million, which is in line with the Council's target range of £10 to 15 million.
- 34 Looking to 2005/06, the projected outturn as at 31 August 2005 presented to Cabinet on 23 November 2005 predicted an underspend of around £1 million for the year. This principally reflects higher than expected net income on the Asset Management Revenue Account. The Council has demonstrated a recent history of containing expenditure within budget and will need to continue to exert tight financial control over the remainder of 2005/06 to deliver the forecast position. The Council should also monitor the opportunity costs of maintaining levels of reserves and balances, alongside the opportunity cost of debt.

- 35 The Council is preparing its budget for 2006/07. In the report to Cabinet of 14 December 2005 (updated by a briefing paper), the Council has identified a series of cost pressures and has recognised the need to identify savings. The notification of a 3.5 per cent increase in funding for 2006/07 through the national financial settlement is lower than the initial assumptions used in the 2006/07 budget and medium-term financial plan. The Council has recognised the need to develop further savings proposals in order to achieve its objective of limiting any rise in council tax and to ensure a sustainable budget in the medium term.

Financial management

- 36 The Council has taken steps in recent years to provide a strong platform for financial management. It has good systems of budgetary control and uses risk management principles to monitor variances. The medium-term financial strategy provides a sound basis for financial planning, with links to key Council objectives and strategies. These processes enable the Council to direct its resources to priority areas. The Council acknowledges that it can continue to improve on processes already in place, such as developing its suite of financial health indicators, making greater use of non-financial information and exercising stronger financial monitoring of key partnerships. Asset management is in general strong, and the Council now needs to embed its initiatives in this area and measure their outcomes to demonstrate effectiveness.

Debt management

- 37 Our previous letters have highlighted debt management as an area for the Council address. We have noted that the Council has set targets for significant areas of debt, such as council tax, NNDR and housing rents. The Council's performance demonstrates that levels of debt have fallen. The Council needs to fine tune aspects of its debt management processes by analysing sundry debtors and setting targets for large income balances contained within the sundry balance, such as car parking.
- 38 Significant areas of debt are managed on an ongoing basis. Income collection rates are monitored and targets are used to measure performance. The Council considers the costs of recovery and debt when managing cashflow and assessing borrowing/investment opportunities.

Systems of internal financial control

- 39 The Council has a generally sound internal control framework in place. It has a risk strategy and both corporate and directorate risk registers. The Council has a corporate working group, chaired by the Chief Executive, to review progress against risks. Key partnerships have been included in risk assessments. Training has been offered to members and senior officers, although not all members attended. The Council has begun to develop risk management initiatives, such as working with another authority to benchmark its processes. The Council now needs to introduce greater clarity to monitoring reports, and should formalise addressing partnership and key contractors in its guidance to staff on assessing risks. Training on risk management should be provided to all members.
- 40 The Council has established an assurance framework on which the Statement on Internal Control is based. This has contributed to improved arrangements for preparing the SIC, such that it now represents a more corporately-owned document than in 2004. Arrangements can be enhanced through in-year monitoring by the Audit Committee. However, there have been several risk category 1 Internal Audit reports, which have demonstrated that the assurance framework is not fully complied with. Our review of the contract letting for SEN transport confirms the need for further improvements.

SEN transport

- 41 Internal Audit undertook a review of catering and transport during 2005. This identified breaches in internal procedures concerning the letting of contracts to firms providing transport for people with special educational needs. The cost to the Council of using these firms is around £2.8 million per year. Results of a tender exercise for the provision of services for specified routes were reported to Cabinet in May 2003. Cabinet endorsed seven companies to receive contracts for the routes. However, contracts were not let in accordance with the Cabinet decision.
- 42 We have reviewed the arrangements for this contract letting. We identified serious weaknesses in the Council's internal controls in this respect, including:
- failure to implement member decisions or obtain member authorisation for revised proposals;
 - failure to record appropriately the award of tenders to other than the lowest bidders;
 - services operating without formal contract arrangements, which prevents appropriate performance monitoring and exposes the Council to potential risks;
 - weaknesses in financial monitoring arrangements; and
 - poor tender evaluation.

- 43 The issues raised have exposed the Council to an unacceptable risk and/or appearance of impropriety in the engagement of companies for the provision of SEN transport. The Council is addressing a number of issues raised, and a report to Cabinet on 14 December 2005 noted that Internal Audit and management were satisfied from the evidence available that there was no impropriety. A management investigation is also planned to ensure that similar breaches do not recur. The Council needs to review the outcome of this investigation, as well as our report and that of Internal Audit, in order to determine an action plan to address the weaknesses identified. The Council should also consider whether there are lessons arising from this work that need to be applied more widely across other services.

Standards of financial conduct and the prevention and detection of fraud and corruption

- 44 We have not identified any significant weaknesses in the Council's overall framework to prevent and detect fraud and corruption. The Council has good arrangements in place to promote and maintain probity and propriety in the conduct of its business. Whistleblowing arrangements are currently being updated and revised arrangements need to be embedded, including ensuring distribution of guidance to staff working under contract arrangements to the Council.

Ethical governance

- 45 Our review considered whether the Council's arrangements for maintaining standards of ethical behaviour were robust and compliant with legislation. We concluded that the Council took its responsibilities seriously in promoting ethical standards. The Standards Committee has so far undertaken a traditional role and the Council can adopt a more proactive role. The Council can consider development in areas such as an annual review of standards of conduct and review of complaints. Our report also identified areas for the Council to enhance its processes and to be more proactive.

National Fraud Initiative

- 46 In 2004/05, the Council took part in the Audit Commission's National Fraud Initiative (NFI). The NFI, which is undertaken every two years, aims to help identify and reduce fraud by bringing together data from NHS bodies, local authorities and government departments and other agencies, to detect a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud, tenancy fraud and payroll fraud as well as, new for 2004/05, right to buy scheme fraud and providing new contact details for former tenants with arrears in excess of £1,000. Progress against the data matching is reported regularly to the Audit Committee and the Council has demonstrated its commitment to pursuing potential frauds and overpayments.

Legality of transactions

- 47 We have not identified any significant weaknesses in the framework established by the Council for maintaining the legality of its significant financial transactions.
- 48 Our last letter identified that the 2003/04 audit remained open pending the decision on an objection. That decision was issued in July 2005. We did not uphold the objection and there are no issues to bring to your attention. Following the decision, the certificate on the 2003/04 accounts was issued on 4 July 2005.
- 49 We have received further correspondence from members of the public during the year. Whilst there are currently no significant issues to bring to your attention, our consideration is ongoing in a number of areas, and hence the audit of the Council's 2004/05 accounts has yet to be certified as complete. The issues raised with us include:
- planning permissions for the Barbot estate;
 - leaseholders;
 - grants to voluntary organisations;
 - asset disposals; and
 - regeneration.

Use of resources judgements

- 50 The use of resources assessment is a new annual assessment which focuses on financial management, but links to strategic management. It looks at how financial management is integrated with strategy and corporate management, supports Council priorities and delivers value for money. For single tier and county councils, the use of resources assessment forms part of the CPA framework.
- 51 For the purposes of the CPA, we have assessed the Council's arrangements for use of resources in five areas.

Table 2

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	2 out of 4
Overall	3 out of 4

(Note: 1=lowest, 4=highest)

- 52 In reaching these judgements, we reviewed the Council's arrangements against specific key lines of enquiry and drew on other recent audit work. Our findings are reflected in the earlier sections of this letter.

Other work

Grant claims

- 53 In accordance with strategic regulation, the Audit Commission has continued with a more risk-based approach to the certification of grant claims. We have reduced our audit of these claims, but our ability to reduce further depends on the adequacy of the Council's control environment.
- 54 Our work on certifying the claims in respect of 2004/05 remains in progress. The Council's arrangements for managing and quality assuring grant claims submitted for audit has improved in recent years. However, further improvements are still required.

Table 3

Claim	Matters arising
NNDR 3	Although the Council submitted the NNDR 3 claim for audit by the due deadline of 31 October 2005, full supporting working papers were not available. In part, this was due to the implementation of a new financial system during the year. Our audit remains in progress.
Regeneration	The Council has experienced difficulties in obtaining supporting working papers in respect of regeneration claims from Urban Futures. This caused delays to the audit of the 2003/04 claims, with certification only possible in November 2005.
Housing benefit	Our audit of the 2004/05 housing benefit claim has identified errors arising from our sample tests. As a result, the Council needs to undertake extended testing in order to either demonstrate that errors are isolated or that a calculation can be made of the impact of any errors on subsidy entitlement. This process was not completed by the certification deadline of 31 December 2005, given the Council's current implementation of a new housing benefit system.

Looking forward

Future audit and inspection work

- 55** We have an agreed plan for 2005/06 and we have reported in this letter those aspects that have already been completed. The remaining elements of that plan, including our audit of the 2005/06 accounts, will be reported in next year's Annual Letter. Our planned work, together with that of other inspectorates, is included on both the Audit Commission and Local Services Inspectorates Forum websites.
- 56** We have sought to ensure, wherever possible, that our work relates to the improvement priorities of the Council. We will continue with this approach when planning our programme of work for 2006/07. We will seek to reconsider, with you, your improvement priorities in the light of the latest CPA assessment, including the corporate assessment, and your own analysis, and develop an agreed programme by 31 March 2006. We will continue to work with other inspectorates and regulators to develop a co-ordinated approach to regulation.

Revision to the Code of Audit Practice

- 57** The statutory requirements governing our audit work, are contained in:
- the Audit Commission Act 1998; and
 - the Code of Audit Practice (the Code).
- 58** The Code has been revised with effect from 1 April 2005. Further details are included in our 2005/06 Audit and Inspection Plan which was agreed with the Audit Committee in May 2005. The key changes include:
- the requirement to draw a positive conclusion regarding the Council's arrangements for ensuring value for money in its use of resources; and
 - a clearer focus on overall financial and performance management arrangements.

Closing remarks

- 59 This letter has been discussed and agreed with the Chief Executive and the Director of Finance and Corporate Resources. The letter will be presented to Cabinet on 8 February 2006 and to the Audit Committee on 5 April 2006.
- 60 The Council has taken a positive and constructive approach to our audit and inspection work. I would like to take this opportunity to express my appreciation for the Council's assistance and co-operation.

Availability of this letter

- 61 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk and also on the Council's website.

Michael Haworth-Maden
District Auditor and Relationship Manager
January 2006

Appendix 1 – Background to this letter

The purpose of this letter

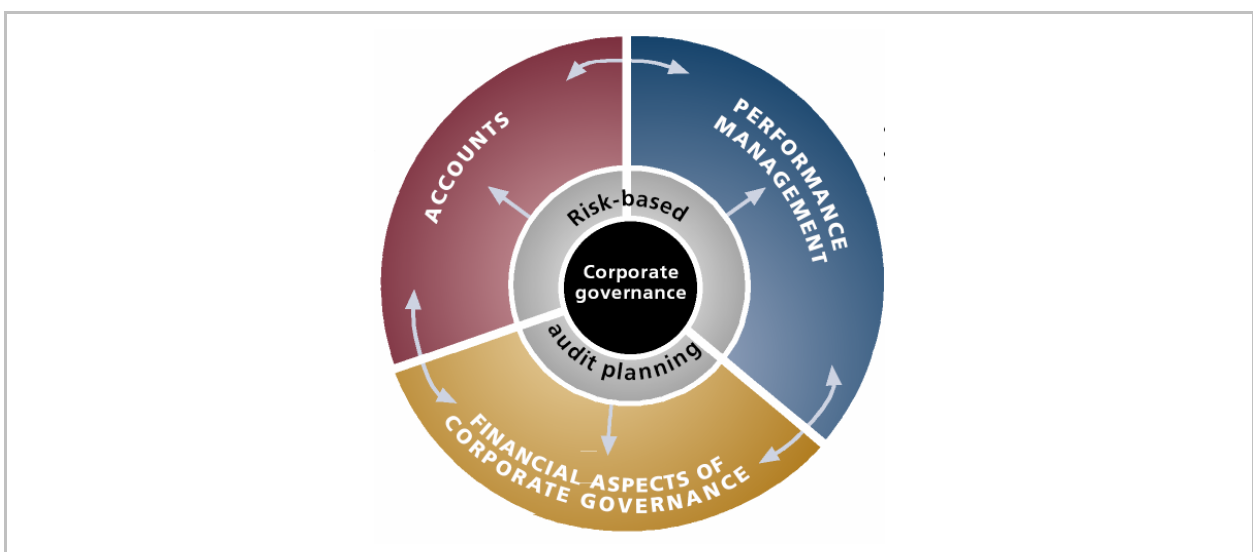
- 1 This is our Audit and Inspection ‘Annual Letter’ for members, incorporating the Annual Audit Letter for 2004/05, which is presented by the Council’s Relationship Manager and District Auditor. The letter summarises the conclusions and significant issues arising from our recent audit and inspections of the Council.
- 2 We have issued separate reports during the year setting out the findings and conclusions from the specific elements of our programme. These reports are listed at Appendix 2 for information.
- 3 The Audit Commission has circulated to all audited bodies a statement that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement. What we say about the results of our audit should be viewed in the context of that more formal background.
- 4 Appendix 3 provides information about the fee charged for our audit and inspections.

Audit objectives

- 5 Our main objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on your significant financial and operational risks that are relevant to our audit responsibilities.
- 6 Central to our audit are your corporate governance arrangements. Our audit is then structured around the three elements of our responsibilities as set out in the Code and shown in Figure 2.

Figure 2 Code of Audit Practice

Our Code responsibilities



7 Our work in the three elements of these responsibilities comprises as follows.

Accounts

- Opinion.

Financial aspects of corporate governance

- Financial standing.
- Systems of internal financial control.
- Standards of financial conduct and the prevention and detection of fraud and corruption.
- Legality of transactions.

Performance management

- Use of resources.
- Performance information.
- Best value performance plan.

Appendix 2 – Reports issued during 2005

Table 4

Report title	Date issued
Audit and Inspection Plan 2005/06	March 2005
Ethical Governance	May 2005
Organisational Review	May 2005
Certificate on the 2003/04 Accounts	July 2005
LPSA	August 2005
Housing Inspection	August 2005
Transport Inspection	October 205
Report on the 2004/05 Accounts to Those Charged with Governance (SAS 610)	October 2005
Opinion on the 2004/05 Accounts	October 2005
Regeneration	November 2005
Corporate Assessment	November 2005
Use of Resources	November 2005
Report on the Accounts	December 2005
Direction of Travel	December 2005
CPA Scorecard	December 2005
Best Value Performance Plan	December 2005

Appendix 3 – Audit and inspection fees

Table 5 Audit fee update

Audit area	Plan 2004/05 £000	Actual 2004/05 £000
Accounts	100	101
Financial aspects of corporate governance	74	74
Performance	260	260
Total Code of Audit Practice fee	434	434
Additional voluntary work (under section 35)	0	0
Total	434	434

Grant fee update

- 8 Our 2004/05 Audit and Inspection Plan included an estimate of £225,000 for the certification of grant claims. Our work in the area remains in progress, in particular concerning the completion of the housing benefits and NNDR claims. As at the end of November 2005, we had invoiced the Council approximately £90,000. We currently estimate that the final fee will be significantly lower than the original estimate.

Inspection fee update

- 9 Our 2004/05 Audit and Inspection Plan included £101,000 covering inspection work. This included three inspections, two of which are reported in this letter. The third, customer access, has been deferred having regard to the Council's timescale for conducting its own best value review of the service.