

Annual Audit and Inspection Letter

Carlisle City Council

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Reference:	CA015 Annual Audit and Inspection Letter
Date:	December 2004

The purpose of this Letter

This is our audit and inspection 'Annual Letter' for Members which incorporates the Annual Audit Letter for 2003/04, and 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.

We have issued separate reports during the year. These reports are listed at Appendix 1 for information.

Appendix 2 sets out the scope of audit and inspection.

Appendix 3 provides information about the fees charged.

Key messages

Council performance

A Comprehensive Performance Assessment (CPA) of the Council was undertaken in 2003 and categorised the Council's overall performance as 'good.' We have not updated that assessment in 2004 but we have monitored progress on the priorities the Council set itself for improvement.

Overall we found that a number of key developments have been made by the Council during 2004 in priority services areas and in strengthening the Council's wider community leadership role. We have also reported separately on the detailed inspection and other work which we have carried out this year.

The Council needs to continue to implement its plans for improvement and ensure that it maximises opportunities to work with other bodies across Cumbria, and beyond, to deliver economic, efficient and effective services for the people of Carlisle.

Housing strategy

The CPA report identified the need for improvement in the strategic housing function in Carlisle and at other district councils in Cumbria. The districts and county have worked co-operatively to address Supporting People issues and homelessness, and the Council has adopted county wide policies for these aspects. However, there had been limited progress in addressing affordability, especially in rural parts of Cumbria, and low demand across Cumbria.

The newly created Cumbria Sub-Regional Housing Group is now taking these issues forward and responding to the regional housing strategy and funding opportunities that require a more integrated approach. We encourage the Authority to maintain positive support to this group and the housing officer group, to ensure they develop an effective response to these issues.

Cumbria Information Hub and e-government

The Information Hub project, aimed at implementing shared e-government priorities across Cumbria, has now been re-established and the critical weaknesses highlighted in the previous project have been acknowledged. The Council will need to continue to play its part to ensure stronger strategic leadership, agreed project objectives and better financial control is maintained if the intended benefits are to be delivered.

Safer communities review

We assessed the effectiveness of current arrangements for tackling the impact of drug use in Cumbria and found that various agencies are not delivering, in partnership, outcomes that improve the lives of local people. We have presented our analysis of the arrangements to the partners, including representatives of Carlisle City Council, in October 2004. We will be issuing a report before the end of 2004 encouraging the Council to consider how it can contribute to improved outcomes.

The accounts and governance issues

The accuracy of financial reporting forms a key part of the Council's corporate governance arrangements. Currently the standard of evidence which underpins the financial statements requires further improvement and assurances from previous years that improvements would be made have not been fully delivered.

Our opinion on the accounts has been delayed to enable the Authority amend the financial statements for adjustments identified during the audit, including rewriting the statement of internal control in-line with proper practices. In future years, weaknesses in financial governance arrangements will feature more prominently in the CPA assessment.

New Financial Management System

Following the implementation of a new Financial Management System (FMS) in 2004 the key control of reconciling the bank statements to the new financial system has not been in place. This control is an essential part of the way in which the Council maintains and evidences proper financial stewardship. This has been identified as a priority issue by the Authority and work is being undertaken with the supplies to resolve this matter. We will monitor if improvements are made in these areas in the coming year.

The Council should continue to closely monitor the final stages of implementation of the new system to ensure all benefits are realised. Risk assessments must continue to prioritise outstanding issues, particularly the resolution of the bank reconciliation.

Legality of financial transactions

We have received a number of letters from members of the public and Council Members. Responding to these letters forms part of our statutory responsibilities, however there is a cost to the Audit Commission in fulfilling this responsibility. We have not considered it necessary to take any formal action in response to these queries but in one instance have recommended that the Council provide clearer financial and legal explanations of its decisions.

Financial standing

The Council's financial position is currently soundly based. However some difficult decisions may be required to ensure that resources are allocated in-line with the Council's aims and objectives. It is important that the Council has a clear financial strategy to accommodate changes anticipated from the Gershon efficiency agenda and to ensure that it can continue to meet local and national priorities and its statutory obligations for the foreseeable future.

Action needed by the Council

Continue to implement the Council's improvement plans, focusing on priority areas and maximising the opportunities for more effective working with partners.

Ensure that issues of financial control, which include the bank reconciliation and improvements in financial records which underpin the accounts are addressed. Establish a clear financial strategy to ensure that the Council can continue to meet local and national priorities and its statutory obligations for the foreseeable future.

Council performance

CPA and improvement

Progress report

In October 2003 the Council was assessed as good under the CPA framework. The Council has identified its improvement priorities in the light of the CPA findings and is making progress as detailed below.

Whilst we have not completed a formal assessment of progress this year, in this section of the Letter we comment on the progress the Council has made so far.

Our review is intended to serve the following purposes.

- To assess to what extent the Council's planning and delivery is effectively driving, shaping and resulting in improvement in priority areas.
- To identify achievements, progress and direction of travel in delivering improvement priorities.

- To provide independent feedback on progress to date and future plans.
- To inform planning for the 2005/06 audit and inspection programme.

Council priorities

The City Vision (the community strategy) sets out long-term aims for the locality, based on extensive consultation and partner engagement.

The Council continues to work with the City Vision partnership to refresh this strategy. A joint Local Strategic Partnership (LSP) has been developed, with Eden District Council, establishing community priorities across the whole of the LSP area for the two districts.

A revised corporate plan was published in June 2004, which demonstrated improved clarity on the Council's priorities. Four corporate aims were identified as having the highest priority.

A number of key policies and strategies have been developed in priority service areas and in support of a wider community leadership role.

- Aims for a 'Learning City' have been established with partners as part of developing a sustainable sub-regional centre and associated economic development.
- Housing policies have been developed with partners - homelessness and supporting people (county-wide), empty homes (jointly with Eden District Council).

There are areas where the Council's plans to deliver against its aims, objectives and priorities need to be further developed or clarified.

- The joint LSP has made limited progress since last year and its role in developing policy objectives and priorities is unclear with regard to both of the district areas. The interaction between the City Vision and the LSP objectives is unclear in terms of how key policy decisions will be influenced and what outcomes are being targeted. The areas where potential benefits of strategic planning for the larger area may be secured have yet to be explicitly agreed.

- The establishment of sub-regional approaches, where this would improve policies and investment approaches, has been slow to develop in areas such as housing markets and waste management. Although recent work in these priority areas appears promising, improvement opportunities are not consistently reviewed with partners.
- The Council values of 'putting customers first' and 'equality' have not yet been translated into clear service standards.

Achievements and future plans

Improvement has been secured in a number of areas during the last year.

- Local partnership working continues to develop strongly and there has been good feedback from partners on their interactions with the Council. Partnership policy development is in progress, and is due for completion in January 2005, evaluating the effectiveness of partnerships in delivering corporate aims.
- National recognition awards and significantly increased resident satisfaction have been achieved for the city's parks and open spaces.
- The planning service has sharply increased its speed of processing planning applications.
- Significant investment in development programmes for managers and councillors, including the ACE (Achieving Cumbrian Excellence) capacity building programme, is helping to improve leadership competencies within the organisation. A successful IiP (Investors in People) re-assessment took place during the year and a people strategy, that addresses both staff and councillors, has been approved. The member learning and development framework is targeted at achieving NW Member charter status in 2005.
- Recycling and composting rates have improved, although original government targets were not achieved.

Key challenges and areas of continuing development face the Council to meet the rate of change for local government. The Council has recognised the following key issues.

- Weak performance standards in the speed of benefits processing, which can support high priority aims to tackle deprivation and social exclusion, have been selected for a best value review.
- Further development of a pay and workforce strategy that addresses the appropriateness of current pay structures regarding equality, development, recruitment and retention.
- To explore the potential of integrated workforce planning across key local partners to maximise capacity within the sub region and improve cost-effectiveness.
- The development of a comprehensive procurement approach (linked to workforce plan outputs above) that will maximise purchasing power and address capacity restrictions through the best use of joint working and partnership arrangements.
- Staff sickness absence levels remain comparatively high.

Other performance work

Cumbria Information Hub

As part of our programme of work to review progress on the implementation of e-government, we reviewed the Cumbria Information Hub project established by the Connected Cumbria Partnership. During the course of our review the project was cancelled and a number of lessons, applicable to partnership working and project working in general, were highlighted with the local Authority partners. The Information Hub project has now been re-established and partners have expressed confidence that the critical weaknesses highlighted have been addressed. The Council will need to play its part to ensure these issues continue to be addressed through:

- stronger strategic leadership from officers and Members;
- establishing agreed project objectives and e-government policy integration; and
- better financial control and project management.

Safer communities review

In September 2004 we carried out a review of the organisations and partnerships that are tackling the impact of drug use in Cumbria communities.

The review assessed the effectiveness of current activities and partnership working in order to find out what influences good outcomes, what needs to improve and how resources can be deployed more cost effectively to achieve common goals. It involved the six district councils, the County Council, Police, Probation and the four Primary Care Trusts. They are statutory partners in the Crime and Disorder Reduction Partnerships and the Drug Action Team and, through these bodies, deliver national drug strategies at a local level commissioning services from a range of local providers.

The review found that the council work well with the police through the Crime and Disorder Reduction Partnership on local operations that have good outcomes for residents. Across all partners opportunities to provide better services and access joint funding are being missed. However, many of the weaknesses, inconsistencies and gaps in services are recognised and there is a strong enthusiasm for change. We concluded that:

- a lack of strategic leadership means that partners do not share a common vision or work together in a consistent and co-ordinated way;
- partnerships are not delivering consistent outcomes that improve the lives of local people;
- individual activities do not always support common goals, for example, councils are not using their mainstream activities sufficiently to support delivery of their partnerships aims;
- there is no clear agreed picture of need across the county especially in relation to women and minority ethnic groups; and
- information systems are not well integrated and not all partners are committed to sharing data and information. This makes it difficult to plan effectively and to target efforts and resources to achieve maximum impact.

We have shared our analysis of the current arrangements in Cumbria with key partners, including representatives from Carlisle City Council. We will be issuing our report shortly which we hope will provide an agenda for action and improvement within each of the responsible organisations.

Democratic renewal – follow-up report

Through the CPA process and other reviews we have commented on how the Council has worked to consolidate its progress on democratic renewal.

The Council has made progress in clarifying the roles and operating arrangements for executive and scrutiny functions. There are still developments required to address the impact of the community plan and the joint local strategic partnership on the leadership role of councillors. Two councillors are now joint chairs of the local strategic partnership. Community engagement remains strong at the local level. A number of areas were highlighted for further attention including:

- further developing overview and scrutiny work programmes to reflect corporate priorities and community planning;
- clarifying the role and expectations of area based structures; and
- improving the effectiveness of information technology in supporting and promoting local democracy.

Housing strategy

District CPA 2003 highlighted a number of common areas for housing improvement within the district councils in Cumbria.

A programme of multi-agency support was launched with an Improvement Event in June 2004 which local authorities, registered social landlords, the Lake District National Park and other stakeholders attended. An outcome of the day was a shared understanding of the key challenges facing housing in Cumbria. The council is continuing to develop its own local housing strategy whilst the sub-regional approaches continue.

The main strategic issues discussed by delegates were:

- low demand;
- affordability;
- supporting people; and
- homelessness.

In the context of these strategic housing issues, delegates also discussed the operational barriers that they faced, for example:

- lack of common definitions and approaches across Cumbria on issues such as affordable housing and local need;
- lack of clarity, and complexity around planning policy;
- insufficient links between housing strategy, economic development and planning;
- insufficient partnership working;
- lack of political priority and corporate responsibility for addressing housing issues; and
- insufficient capacity and resources to respond to strategic housing challenges.

The districts and county have worked co-operatively to address Supporting People issues and homelessness. However, there had been limited progress in addressing the housing market, especially low demand across Cumbria and affordability especially in rural areas of Cumbria. Individual councils recognised their limited ability to resolve low demand or affordability without reference to the wider housing market.

Recent changes in the way these issues are being tackled are promising. The newly created Cumbria Sub-Regional Housing Group is now taking these issues forward and responding to the regional housing strategy and funding opportunities that require a more integrated approach. There is now a Cumbria housing officer group looking at implementation of regional housing board priorities.

We encourage the Authority to maintain positive support to these groups to ensure they develop an effective response to these issues within the overall framework of the Cumbria Strategic Partnership.

Project management

The CPA report identified the area of performance monitoring and management of externalised services as an area of weakness. This led us to focus our review on the changes made to the way in which major projects are managed.

The review identified that the Council has made progress in addressing weaknesses in the performance management of large scale projects, particularly in employing external resources to augment existing skills within the Council.

The main areas highlighted for further improvement were:

- ensuring there is adequate monitoring of risk assessments to ensure the timely implementation of agreed actions to address identified risks;
- ensuring that responsibilities on the client-side are made known from the beginning of any project involving external consultants, and that adequate resources are in place in order to ensure the project is delivered on time and within agreed specifications and financial constraints; and
- ensuring there is clarity around the formal procedures for monitoring and updating Members and officers of progress.

Waste management – progress assessment

The Council received an inspection of its waste management and public convenience services in 2002. It was assessed as providing a 'good' service with 'promising prospects' for improvement.

The progress that the Council has made since the inspection was assessed as part of a simultaneous programme of inspections and reviews of waste management across all district councils and the County Council.

The Council has a relatively high target for recycling levels compared to other Cumbrian authorities. The expansion of kerbside recycling and composting facilities has provided for increases in recycling and composting rates, although original government targets were not met. The refuse collection service is both efficient and effective.

Significant challenges remain for the Council to address the high levels of waste generated within the district and the need for a sustainable waste strategy for Cumbria.

Audit Commission inspections

Improving services through accessibility and user focus

A programme of simultaneous inspections at the district and county councils in Cumbria is underway to assess the effectiveness of the approach taken by councils, individually, and also through partnership working. The inspection reports are due to be published at the end of December 2004.

Accounts and governance

Audit of 2003/04 accounts

We anticipate being able to provide an unqualified opinion on the Council's accounts in December 2004, following the completion of audit adjustments in the financial statements.

Matters arising from the final accounts audit

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 3 August 2004.

It is therefore essential that proper standards of reporting and records of evidence to underpin the financial statements are achieved. For a second year we have experienced delays in receiving proper explanations for entries in the accounts and there were a significant number of adjustments necessary to the accounts to enable us to give our opinion.

We provided an accounts workshop for Authority staff in the year and a detailed list of working paper requirements in line with our managed audit protocol. We have been assured that better use will be made of these opportunities in future years to enable working papers presented for audit to be compliant with the protocol.

The assurances we were given last year that improvements would be made in the content and format of the accounts have not been fully delivered.

In last year's Annual Audit and Inspection Letter we emphasised that timeliness in producing the accounts will become increasingly important over the next few years as the deadline for completion of the accounts is brought forward in line with the Government's requirement. The pressure will intensify as deadlines become increasingly more challenging. Early planning and thoughtful scheduling of key meetings next year will be necessary.

Report to those with responsibility for governance in the Council

We are required by professional standards to report to those charged with governance (in this case Corporate Resources Overview and Scrutiny Committee) certain matters before we give an opinion on the financial statements.

We have reported in our SAS 610 report that the working papers were not of a required standard, as mentioned above, and that we were unwilling to accept an ongoing estimate for the pension liability to Carlisle Housing Association Limited. Officers must ensure these issues are addressed before our next audit.

Financial standing

The Council's overall financial standing is currently healthy. As at 31 March 2004 the Council has reported £12 million (2002: £13.2 million) in revenue reserves. This consisted of General Fund of £7.2 million (2003: £7.7 million), Large Projects Pool of £1.1 million (2003: £1.1 million) and other earmarked balances of £3.7 million (2003: £4.2 million). The General Fund balance of £7.2 million (2003: £7.7 million) represents 50 per cent (2003: 56 per cent) of the Council's net revenue budget for 2004/05.

The Council had a budget underspend of approximately £1.1 million (2002/03: £3.64 million) resulting in a corresponding reduction in the planned use of general fund reserves in 2003/04. However, as at 31 March 2004 £1.4 million was already committed to be spent in 2004/05.

At 31 March 2004 HRA balances stood at £3.3 million (2003: £3.4 million). It is currently anticipated that £3.4 million will be transferred to the General Fund following formal closure of the HRA with effect from 1 April 2005.

Ensuring that the Council meets its service targets, whilst continuing to improve and develop services, will be a major challenge for the future.

Members will need to ensure that robust and flexible financial plans, covering a minimum period of three years, are frequently updated to enable the Council to respond to future challenges.

Capital programme

The Council has received some significant capital receipts following the housing transfer and there is an expectation that the receipts will be used to develop safer communities and housing strategy issues. Members should ensure that the receipts are used to maximum benefit in developing the Council's corporate priorities. The Council should maintain detailed financial monitoring of progress against budgets for each of the schemes in order that Members and officers can address issues at an early stage.

Income collection and arrears

Management of arrears continues to be an important part of financial control. A comparison of collection rates for 2003/04 for council tax and NNDR showed that Carlisle had a collection rate of 97 per cent (96.3 per cent at 31 March 2003) for council tax compared to an average of 97.8 per cent (2003: 97.6 per cent), and a collection rate of 99.2 per cent (98.6 per cent at 31 March 2003) for NNDR compared to an average of 98.6 per cent (2003: 98.5 per cent). The Council should continue to improve performance in future years.

At 31 March 2004, the level of NNDR debt was £404,000 compared with £554,000 in 2003. The level of council tax arrears was £1.86 million at 31 March compared with £2.08 million in 2003. The Authority has clearly improved its collection of arrears. Collecting the debt in the year in which it is due is a key factor in debt management. The Authority's approach to anti-poverty is reflected in the collection approach. The Authority will need to continue to monitor the position closely.

Council tax

Increases in the levels of council tax have become an issue of wide public interest and debate and an area of concern for central government. Carlisle's level of increase for 2004/05 was 2.6 per cent (2003/04: 3.71 per cent) was below the national average.

The Authority will need to continue to work within government restrictions on what it regards as excessive increases in council tax nationally, placing further strain on revenue budgets. It is essential that Members continue to balance the rise in council tax with the need to provide high quality services to the people of Carlisle.

Systems of internal financial control

We have not identified any significant weaknesses in the overall control framework other than the failure to complete the bank reconciliation as described below. However it is important following the implementation of the new financial management system that all systems of control are operational.

Bank reconciliation

Bank reconciliations have not been completed following the implementation of the new financial system. This is a significant control and it is essential that resources continue to be directed towards addressing all outstanding matters to complete the bank reconciliations to date.

New financial management system

The new financial management system should lead to a number of improvements, including reconciliations, detailed procedural guidance and the quality of journal procedures. We will review these items as part of future audit visits.

The Authority must maximise use of the system, and ensure that adequate systems documentation is in place for all systems including clear procedure notes. The Council should continue to monitor closely the final stages of implementation of the new system to ensure all benefits are realised.

The 2004/05 accounts will be the first produced from the system and it is essential that the Authority tests the closedown of the system before the year-end to address any problems before the deadlines of the final accounts audit.

Internal Audit

Our review found Internal Audit arrangements to be substantially compliant with standards set out in CIPFA's Code of Practice for Internal Audit and other good practice measures. A number of positive features have been noted, particularly the focus for the coming year on the core financial systems. There is scope for improvement in the following areas:

- the contribution of Internal Audit in delivering the assurances underpinning the annual statement on internal control and in particular the role of Internal Audit in reviewing the Authority's main accounting system, budgetary control and risk management processes; and
- annual reporting and in-year reporting arrangements to those charged with governance.

Risk management

Progress on updating the risk register has been delayed and there is a wide variation in the quality and consistency of completed risk assessments.

The Authority has recognised a number of shortcomings with the original assessment methodology, and noted concerns over the level of guidance and support given to business units. Work is currently underway to streamline the risk assessment methodology.

Plans are also in place to improve alignment of the risk assessments with the Authority's strategic and operational planning objectives and address the need for greater clarity of officers' responsibilities and reporting arrangements.

Risk management is being developed to become fully embedded within the business planning and decision making process, particularly to ensure key decisions are made following the completion of appropriate risk assessments.

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

We have not identified any significant weaknesses in the standards of financial conduct and your arrangements to prevent and detect fraud and corruption.

Legality of transactions

We have discussed a number of issues with the Council during the year primarily as a result of queries or concerns raised by members of the public or elected Members. We did not identify a requirement to take any formal action in respect of these matters and have worked with the acting Chief Executive to see them adequately resolved. The Council is undertaking a number of high profile schemes and must continue to ensure that all decisions are made following clear consideration of legal and financial requirements so that compliance with legislation can be adequately evidenced and is clearly understood and acted upon by Members and officers.

Other work

Additional voluntary work

A project to support the development of computer assisted audit techniques was carried out in accordance with section 35 of the Audit Commission Act 1998. General guidance and practical experience of using a selected computer package was provided to relevant Authority staff. The cost of this work is shown in Appendix 3.

Grant claims

Over recent years the number of claims requiring audit certification has grown and audit fees have risen in-line with this growth. In accordance with Strategic Regulation, the Audit Commission has adopted a more risk-based approach to the certification of grant claims. With effect from 2003/04 the smaller claims have not been subject to audit or have received a lighter touch. The approach to larger claims has been determined by risk and the adequacy of the Council's control environment.

The Council's arrangements for managing and quality assuring the grant claims submitted for audit require further improvement, particularly in terms of timeliness of submission, accuracy of amounts included and provision of sufficient supporting evidence.

National Fraud Initiative (NFI)

The Council took part in the Audit Commission's National Fraud Initiative (NFI) 2002/03. The NFI, which is undertaken every two years, brings together data from local authorities, NHS Bodies, Government departments and other agencies, to detect a wide range of frauds against the public sector. Total savings from the 2002/03 exercise exceeded £83 million of which £0.05 million savings were identified at this Authority.

The Commission are repeating the exercise this year and will again collect payroll, pensions, housing benefits, student loan and housing rents data from Authorities. Alongside the core exercise a number of pilot initiatives are being undertaken at selected sites. These are focused on risk areas that were highlighted by Authorities and include payments made to privately run care homes, abuse of blue badge parking permits, serial insurance claimants and duplicate payments to suppliers. These pilot areas, if they prove effective, will be incorporated into future NFI exercises.

Looking forwards

Future audit and inspection work

We have an agreed plan for 2004/05 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 2004/05 accounts, will be reported in next year's Annual Letter.

We will seek to ensure, wherever possible, that our work relates to the improvement priorities of the Council when planning our programme of work for 2005/06. We will discuss with you your improvement priorities in the light of the CPA assessment and your own analysis of changes, progress and planned improvement activity, in order to develop an agreed programme by 31 March 2005.

Revision to the Code of Audit Practice

The Audit Commission has consulted on a revised Code of Audit Practice for application to the audit of the 2005/06 accounts. The new Code, which will be laid before Parliament in January 2005, is designed to secure:

- a more streamlined audit, which is proportionate to risk and targeted on areas where auditors have most to contribute to improvement;
- a stronger emphasis on value for money, focussing on corporate performance and financial management arrangements (rather than individual services and functions); and
- better and clearer reporting of the results of audits.

Further details will be provided in the Audit and Inspection Plan 2005/06.

Closing remarks

This Letter has been discussed and agreed with senior officers. A copy of the Letter will be presented at Corporate Resources Overview and Scrutiny Committee in 2005.

The Council has taken a positive and constructive approach to our audit and inspection and I would like to take this opportunity to express my appreciation for the Council's assistance and co-operation.

Availability of this Letter

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



Fiona Daley
District Auditor and Relationship Manager
December 2004

Status of our Letter to the Council

Our Annual Audit and Inspection Letter is prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Annual Audit and Inspection Letters are prepared by relationship managers and appointed auditors and addressed to Members and officers. They are prepared for the sole use of the audited and inspected body, and no responsibility is taken by the Audit Commission or its appointed auditors to any member or officer in their individual capacity, or to any third party.

Audit and inspection reports issued

Report	Date issued
E-government: Information Hub Report	June 2004
Democratic Renewal - Follow-up Report	June 2004
Audit Plan	June 2004
Project Management Report	August 2004
Waste Management - Progress Assessment Report	September 2004
Audit Interim Memorandum	September 2004
Final Accounts Memorandum	November 2004
SAS 610 Report	November 2004
Cumbria Safer Communities - Reducing the Impact of Drug Use Report	December 2004
Improving Services through Accessibility and User Focus Inspection Report	December 2004
BVPP Audit Opinion	December 2004
Audit Opinion	December 2004

Scope of audit and inspection

Audit

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.

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 Exhibit 1.

EXHIBIT 1 THE THREE MAIN ELEMENTS OF OUR AUDIT OBJECTIVES



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.

Inspection

Inspection work is based around section 10 of the Local Government Act 1999, which requires us to carry out inspections and deliver reports that will:

- enable the Council and the public to judge whether best value is being delivered;
- enable the Council to assess how well it is doing;
- enable the Government to assess how well its policies are being implemented; and
- identify failing services where remedial action may be necessary.

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.

Audit and inspection fees

Audit fee update

Audit area	Plan 2003/04 £	Actual 2003/04 £
Accounts	£33,250	£33,250
Financial aspects of corporate governance	£23,800	£23,800
Performance	£37,350	£37,350
TOTAL CODE OF AUDIT PRACTICE FEE	£94,400	£94,400
Grant claim certification	£54,300	£38,643 (to 31 October 2004) £54,300 (estimate of total fees)
Additional voluntary work (under section 35)	-	£3,450

Inspection fee update

The full year inspection fee is £15,600. The work reported in this Audit and Inspection Letter has been funded by an element of the fee covering 2003/04 and by an element of the fee covering 2004/05. In both years the actual fee will be in-line with that planned.