

Annual governance report

Agenda Item No 10

Dover District Council

Audit 2010/11



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Traffic light explanation

Red  Amber  Green 

Key messages

This report summarises the findings from the 2010/11 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

	Our findings
Unqualified audit opinion	●
Proper arrangements to secure value for money	●

Audit opinion and financial statements

The Council dealt successfully with the implementation of International Financial Reporting Standards (IFRS) in the financial statements in 2010/11, despite capacity being stretched throughout the year. The financial statements were prepared to a sound standard overall. I agreed some amendments during the course of the audit with officers, the most important of which were in respect of fixed assets. None of these impacted on the Council's overall reported financial performance.

Subject to satisfactory completion of the remainder of my audit work, I plan to issue an unqualified opinion on the financial statements before the statutory deadline of 30 September 2011.

Value for money

I intend to issue an unqualified value for money conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Council has good financial governance, an effective financial planning framework and adequate arrangements for financial control. It is fully aware of the financial pressures it faces over the medium term.

The Council takes a strategic approach to prioritisation of resources and achievement of cost reductions through improved efficiency and productivity.

Before I complete my audit

I confirm to you

My report includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence. I can also confirm there were no relationships resulting in a threat to independence, objectivity and integrity.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Council during 2010/11.

I ask you to confirm to me

I ask the Governance Committee to:

- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
 - approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
 - agree your response to the proposed action plan (Appendix 5).
-

Financial statements

Subject to satisfactory completion of the remainder of my audit work, I plan to issue an unqualified opinion on the financial statements.

Opinion on the financial statements

My work on the financial statements is now substantially complete. The areas where work remains outstanding are:

- completion of my review of the amended cash flow statement;
- final sample testing of capital expenditure and grants transactions; and
- review of the final version of the financial statements to ensure all agreed amendments have been processed.

I anticipate that any remaining work will be completed in early September. I will then issue my audit opinion by the 30 September 2011 statutory deadline, after the financial statements and the letter of representation have been approved by the Committee.

Subject to satisfactory completion of the outstanding work, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Implementation of International Financial Reporting Standards (IFRS)

This is the first year the Council has been required to prepare financial statements under IFRS. Preparing IFRS accounts has involved a significant amount of work for the Council's finance team, including

- review of transactions to identify the appropriate accounting treatment under the new framework;
- restatement and reformatting of all the prime statements;
- restatement of the comparatives for both 1 April 2009 and 31 March 2010; and
- production of a number of new disclosure notes.

The Council's early consideration of IFRS was limited by availability of staff experienced in this area. Several restatements were not finalised by the Council until their production of the accounts. This could have led to my identification of an increased number of amendments during the audit. However, it is pleasing to note that I identified only a limited number of amendments relating to IFRS implementation (see appendix 2).

Errors in the financial statements

During my audit I identified several errors in the financial statements and recommended a few presentational changes. Most of the errors related to fixed asset classification and associated reserve and funding movements. Other areas affected were financial instrument disclosures. These changes had no impact on the value of useable reserves at 31 March 2011. Management agreed to adjust the financial statements for all the amendments I recommended. All non-trivial amendments (over £17,000) are in appendix 2 for information.

The Council's accounts were supported by comprehensive electronic and paper working papers, which provided a good audit trail for testing. The accounts were produced and signed by the S151 officer and presented for audit before the 30 June 2011 deadline. This was a good achievement given implementation of IFRS in 2010/11.

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

Key audit risk and our findings

Key audit risk	Finding
<p>Implementation of IFRS: The 2010/11 financial statements were produced in accordance with IFRS. This was challenging for all councils as the new standards required restatement of both opening and closing balances from the previous year as well as additional disclosures. There was a risk that councils which were not well prepared for the new requirements would not succeed in preparing the necessary information in time.</p>	<p>I monitored the Council's progress with IFRS implementation throughout 2010/11. Due to conflicting priorities and officer capacity the Council's early consideration of IFRS was limited. As a result I was unable to carry out all my planned early work on the restated comparatives and completed my review during the year end audit.</p> <p>During my early work I recommended that the Council carry out some additional work on grant classification. Officers made some amendments to their proposed accounts entries following my feedback.</p> <p>I identified a number of amendments in the financial statements relating to IFRS implementation. The main issues I highlighted related to asset classifications and related reserve movements. The Council amended the accounts for all the changes I recommended (see appendix 2).</p>

Key audit risk

Finding

Shared service arrangements with other districts:

The Council is working closely with other East Kent authorities to develop shared services where a single function serves two or more authorities. Human Resources transferred to a shared service in 2009, and Revenues, Benefits, ICT and Customer Service moved to shared services in 2011. Controls may be weakened during transfer and there is an increased risk of error in the accounting treatment of shared services.

I reviewed the key controls in the new shared service environment for systems which are material to the financial statements (in this instance Revenues and Benefits processing) and used the results to inform my audit approach. My review confirmed that the key controls in 2010/11 remained effective.

Payroll shared services: Payroll processing was outsourced on 1 April 2010. The Council experienced some problems following the transfer, so there was a risk that key controls over payroll transactions would not be effective in 2010/11. This creates an increased risk of material misstatement of the payroll transactions in the financial statements.

I reviewed the payroll controls at the outsourced provider and the controls over the interface with the Council. This review highlighted weaknesses in the operation of the provider controls, which meant that additional procedures had to be implemented by Council employees. As a result of these weaknesses I have less reliance from controls assurance and therefore carried out further substantive testing of the payroll transactions. My substantive testing did not highlight any errors in payroll expenditure.

Financial statements

Significant weaknesses in internal control

I have not identified any significant weaknesses in the design or operation of an internal control that might result in a material error in your financial statements

A material weakness in internal control is a deficiency in design or operation which could adversely affect the Council's ability to record, process, summarise and report financial and other relevant data. I have not identified any weaknesses in the design or operation of internal controls that might result in a material error in your financial statements. However, I identified weaknesses in the key controls at your outsourced payroll provider which reduce the effectiveness of your control environment for payroll transactions. I reported these weaknesses to the Council in my interim audit memorandum.

Recommendation

R1 Work with your payroll provider to ensure that weaknesses in the key controls over payroll processing are fully rectified for the 2011/12 audit.

These weaknesses are only those I identified during the course of the audit that are relevant to preparing the financial statements. I am not expressing an opinion on the overall effectiveness of internal control.

Quality of your financial statements

I consider aspects of your accounting practices, accounting policies, accounting estimates and financial statements disclosures. I wish to bring one matter to your attention (see table 1 below).

Table 1: Accounting practices, policies, estimates and financial closures

Issue	Findings and recommendations
<p>Related party disclosures</p> <p>The Council has to disclose any member related party transactions in its accounts, which are material to either party. The Council needs to set up processes to identify any relevant disclosures.</p>	<p>Officers send out annual declarations to all members seeking confirmation of all related parties. Members need to complete the declarations so officers can identify any related party transactions for disclosure in the accounts. In 2010/11 several of the annual declarations did not include relationships that had been declared in the register of interests. I identified some required disclosures for payments to trusts in which members were related parties which were not disclosed in the accounts. As a result officers had to carry out added procedures to ensure there were no other missing disclosures in the accounts. Following this work three related party transactions (material to the recipient) have been reflected in the revised financial statements.</p>

Recommendation
<p>R2 Review the process for identification of related party transactions included in the register of interests. Remind Members of the information required in their annual declaration to ensure all related party transactions are included in the declaration.</p>

Letter of representation

Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. A copy of the draft letter of representation prepared by management is included in appendix 3 for your approval.

Value for money

I am required to conclude whether the Council put in place proper corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.

I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against two criteria specified by the Audit Commission. My conclusion on each of these areas is set out below.

I intend to issue an unqualified conclusion stating that in 2010/11 the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Value for money criteria and our findings

Criterion	Findings
<p>1. Financial resilience</p> <p>The organisation has proper arrangements in place to secure financial resilience.</p> <p>Focus for 2010/11:</p> <p>The organisation 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.</p>	<p>The Council has good financial governance, an effective financial planning framework and adequate arrangements for financial control. It is fully aware of the financial pressures it faces over the medium term.</p> <p>The Council has a good understanding of its financial position. Management Team and Cabinet monitor the financial position and are responsible for approval of budgets and medium term financial planning. There is effective scrutiny and challenge by Members.</p> <p>The Council refreshed its corporate priorities and long term resource plans in 2010/11 in its 'Delivering Effective Services' review. It has reviewed and updated its medium term financial plan to reflect these priorities and the impact of the current economic climate</p> <p>Financial monitoring and forecasting is fit for purpose and accruals based. The Council's out-turn in 2010/11 was in balance and broadly in line with its forecast position. It achieved a £27,000 surplus despite significant budget pressures and a small planned deficit. At 31 March 2011 the Council had general fund balances and reserves of £5,256,000, which is in line with requirements.</p>

Criterion	Findings
<p>2. Securing economy efficiency and effectiveness</p> <p>The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</p> <p>Focus for 2010/11:</p> <p>The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.</p>	<p>The Council takes a strategic approach to prioritisation of resources and achievement of cost reductions through improved efficiency and productivity.</p> <p>Over the last two years the Council has been assessing its future operating and management structure and the services it provides. The Council based its 2011/12 budget decisions on appropriate information on local needs and delivery costs. The Council has reviewed its medium term financial plan and identified strategies to manage the financial position in the medium term despite the current economic pressures. Medium term service priorities have been clarified and changes have been made to management structures.</p> <p>The Council has a low council tax compared to neighbouring authorities. The Council's medium term financial plan clearly considers the implications of reduced spending and the longer term actions required to maintain the underlying financial position, e.g. service delivery changes, increased use of shared services and restructuring.</p> <p>The Council continues to investigate opportunities for service efficiencies, for example through shared services arrangements with the other East Kent Councils. A number of joint projects have been agreed and those that have been in place throughout 2010/11 (the East Kent Human Resources Partnership) have made efficiency savings whilst maintaining service delivery standards.</p>

Appendix 1 - Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOVER DISTRICT COUNCIL

Opinion on the Authority accounting statements

I have audited the accounting statements of Dover District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Dover District 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.

Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's 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 accounting statements sufficient to give reasonable assurance that the accounting 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 Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Dover District Council's affairs as at 31 March 2011 and of its income and expenditure 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.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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.

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself 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 me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, 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 me to consider under the Code of Audit Practice in satisfying myself 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 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I 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 my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Dover District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of Dover District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Andy Mack, Officer of the Audit Commission

Audit Commission,
1st Floor, Millbank Tower,
Millbank, London,
SW1P 4HQ

Date:

Appendix 2 - Amendments to the draft financial statements

I identified the following misstatements during my audit and management have adjusted the financial statements. I bring them to your attention to aid you in fulfilling your governance responsibilities.

The financial statements presented for audit were complete, but I identified several internal inconsistencies in the classification of entries. Many of these related to classification of assets and related reserve movements and therefore a single adjustment led to a number of amendments to accounting entries. The issues affected the 2010/11 figures and the comparatives.

Management agreed to amend the statements to resolve all the issues I highlighted. The amendments led to several changes in the financial statements. Areas affected included:

- the movement in reserves statement;
- impairment and income and expenditure relating to investment properties entries in the comprehensive income and expenditure account;
- the classification of assets and reserve balances in the balance sheet (land and buildings, investment property, assets held for sale, the revaluation reserve and the capital adjustments account);
- segmental analysis note (note 3);
- property plant and equipment note (note 4);
- investment properties note (note 5);
- assets held for sale note (note 6);
- gain or loss on asset sale (note 7);
- capital expenditure and financing (note 9);
- capital adjustment account (note 24);
- revaluation reserve (note 26); and
- housing revenue account (HRA) statement, movement on HRA statement and HRA notes (3 major repairs reserve and 5 capital expenditure).

Management agreed to adjust the financial statements for all the errors I identified. They also amended the explanatory foreword and the financial instruments disclosures in note 12 to resolve other internal inconsistencies.

The Council amended the restated 2009/10 and the 2010/11 cash flow statement to correct errors identified in this statement. I also identified a few other non trivial misstatements in the financial statements and notes during my audit (over £17,000), which management also agreed to adjust in the financial statements. I bring them to your attention to aid you in fulfilling your governance responsibilities:

Adjusted misstatement	Nature of adjustment	Value £ 000's
Note 4 property plant and equipment: double counting of assets held for sale in surplus asset column.	Surplus asset balances in note 4 have been amended to remove the duplicated item.	494
Note 13 pensions: actual amount charged to the General Fund for pensions in the year excluded from note in error.	Employers' contributions payable to scheme; and retirement benefits payable to pensioners added to note.	3,697 591
Note 19 debtors: the bad debt provision for the 'historic Gateway debt' was included short term debtor provisions, but the debtor is in long term debtors.	The provision has been moved from short term debtors to long term debtors on the balance sheet. The comparatives for 31 March 2010 and 1 April 2009 were also amended.	66 @ 31.3.11
Note 21 short term creditors: The annual leave accrual was included in the balance sheet as an accrual, instead of as a provision.	The annual leave accrual has been moved from short term creditors to provisions in the balance sheet. The comparatives for 31 March 2010 and 1 April 2009 were also amended.	70 @ 31.3.11

I recommended some presentational changes to the financial statements to disclose one exceptional item relating to the valuation of council dwellings separately in the housing revenue account. I also recommended some other presentational changes to the financial statements, to amend or expand the disclosures in some areas. The Council added more financial instrument disclosures, details of related party transactions and a post balance sheet event note.

Appendix 3 - Draft Letter of Representation

To: Andy Mack
Appointed Auditor
Audit Commission
1st Floor Millbank Tower
Millbank
London
SW1P 4HQ

Dover District Council - Audit for the year ended 31 March 2011

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors and officers of Dover District Council the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2011.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Council, for the completeness of the information provided to you, and for making accurate representations to you.

Supporting records

All relevant information and access to persons within the entity has been made available to you for the purpose of your audit, and all the transactions undertaken by the Council have been properly reflected and recorded in the financial statements.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Related party transactions

I confirm that I have disclosed the identity of Dover District Council related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

Subsequent events

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

Signed on behalf of Dover District Council

.....
Mike Davis, Director of Finance

Date

I confirm that this letter has been discussed and agreed by the Governance Committee on 29 September 2011.

Signed

.....
Councillor T J Bartlett (Chairman)

Date

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Appendix 4 - Glossary

Annual governance statement

A statement of internal control prepared by an audited body and published with the financial statements.

Audit closure certificate

A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the financial statements.

Audit opinion

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

Opinion

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

Materiality and significance

The Auditing Practices Board (APB) defines this concept as ‘an expression of the relative significance or importance of a particular matter for the financial statements as a whole. A matter is material if its omission would reasonably influence users of the financial statements, such as the addressees of the auditor’s report; also a misstatement is material if it would have a similar influence. Materiality may also be considered for any individual primary statement within the financial statements or of individual items included in them. We cannot define materiality mathematically, as it has both numerical and non-numerical aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

‘Significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements. Significance has both qualitative and quantitative aspects.

Weaknesses in internal control

A weakness in internal control exists when:

- a control is designed, set up or used in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements quickly; or
- a control necessary to prevent, or detect and correct, misstatements in the financial statements quickly is missing.

An important weakness in internal control is a weakness, or a combination of weaknesses that, in my professional judgement, are important enough that I should report them to you.

Value for money conclusion

The auditor’s conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources based on criteria specified by the Audit Commission.

The Code of Audit Practice defines proper arrangements as corporate performance management and financial management arrangements that form a key part of the system of internal control. These comprise the arrangements for:

- planning finances effectively to deliver strategic priorities and secure sound financial health;
- having a sound understanding of costs and performance and achieving efficiencies in activities;
- reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people;
- commissioning and buying quality services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money;

- producing relevant and reliable data and information to support decision making and manage performance;
- promoting and displaying the principles and values of good governance;
- managing risks and maintaining a sound system of internal control;
- making effective use of natural resources;
- managing assets effectively to help deliver strategic priorities and service needs; and
- planning, organising and developing the workforce effectively to support the achievement of strategic priorities.

If I find that the audited body had adequate arrangements, I issue an unqualified conclusion. If I find that it did not, I issue a qualified conclusion.

Appendix 5 - Action Plan

Recommendations

Recommendation 1

Work with your payroll provider to ensure that weaknesses in the key controls over payroll processing are fully rectified for the 2011/12 audit.

Responsibility	Director of Governance
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Priority	High
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Date	31.12.2011
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Comments	This will be raised by the four partners with the provider at the next Strategic HR Board.
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Recommendation 2

Review the process for identification of related party transactions included in the register of interests. Remind Members of the information required in their annual declaration to ensure all related party transactions are included in the declaration.

Responsibility	Financial Services Manager
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Priority	Medium
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Date	28.02.2012
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Comments	Officers will review the register of interests to identify any related party transactions and send this information to Members with the related party letter to ensure full and complete disclosure.
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September 2011