

South Cambridgeshire District Council  
Annual Report to those Charged with Governance

**Last updated 14 September 2007**

Draft

Our Ref JCG/JC/aj

The Corporate Governance  
Committee  
South Cambridgeshire District  
Council  
South Cambridgeshire Hall  
Cambourne Business Park  
Cambourne  
Cambridge CB23 6EA

14 September 2007

Dear Sirs

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL - ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE**

This Annual Report to those Charged with Governance has been prepared in order to record the key matters arising from our audit. We have discussed our report with Greg Harlock, Chief Executive and Adrian Burns, Chief Accountant who confirm its factual accuracy, although the views expressed are those of Grant Thornton. The purpose of the document is further detailed in Section 1.

We would like to take this opportunity to thank the Chief Executive and other staff and directors for the co-operation and assistance afforded to us during the course of our audit.

Yours faithfully

Grant Thornton UK LLP

**Contents**

- 1 Executive Summary
- 2 Accounts Opinion
- 3 VFM Conclusion

Page

- 1
- 6
- 10

**Appendices**

- A Statement of Responsibilities - Accounts
- B Statement of Responsibilities - VFM / Use of Resources
- C Action Plan - Accounts
- D Accounts adjustments agreed
- E Accounts adjustments not processed by management
- F Reports issued
- G Audit fees update

# 1 Executive Summary

## 1.1 Background and purpose of the report

South Cambridgeshire District Council (the Council) is responsible for the preparation of accounts which record its financial position as at 31 March 2007 and its income and expenditure for the year then ended. We are responsible for undertaking an audit and reporting whether, in our opinion, the Council's accounts 'present fairly' the financial position of the Council. Our detailed findings are set out in section two.

Under the Audit Commission's Code of Audit Practice we are also required to reach a conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion'). The pieces of work that have informed our VFM conclusion, and our detailed findings, are set out in section three.

The Audit Commission's Statement of Responsibilities, which sets out the respective responsibilities of the Council and the auditor in relation to the accounts and arrangements for securing economy, efficiency and effectiveness in the use of resources, have been reproduced in full in Appendices A and B and reflect the scope of our audit.

This report summarises the principal matters arising from our audit. The issues raised have been discussed with the Chief Executive and his team and other officers as appropriate. International Standards on Auditing (UK & Ireland) require us, as the Council's external auditors, to report to those charged with governance certain matters before giving an opinion on the accounts and the Code of Audit Practice requires us to report key matters relating to our VFM conclusion. For the Council, this function will be carried out by the Corporate Governance Committee at its meeting on 26 September 2007.

## 1.2 The accounts opinion – current status and key issues

We have performed our audit of the 2006/07 accounts in accordance with the Audit Commission's Code of Audit Practice and applicable auditing standards. Our approach follows that set out in the Audit and Inspection Plan 2006/07, agreed with the Council.

We have still to complete our audit finalisation procedures which include:

- finalisation of the workings for the income and expenditure account and Statement of Movement of General Fund balance
- review of the revised notes to the cash flow statement
- review of the audit work of the auditors of the Cambridgeshire County Council Pension Fund
- review of the final version of the statement of accounts
- updating our Post Balance Sheet Events review to the date of signing the accounts.

Subject to satisfactory resolution of the above issues, we expect to issue an **unqualified opinion on the Council's accounts** by the 30 September deadline.

We would like to note that this was a difficult year for all councils in preparing accounts, due to the nature of the changes to the accounts required by the 2006 Local Government Statement of Recommended Practice ("SoRP"). We are pleased to note that officers have worked well with us to resolve these issues, which led to a smooth audit of the accounts.

There are a small number of recommendations arising from our audit, which can be found in the Action Plan at Appendix C. The key issues to report to those charged with governance are set out below.

### *Accounts adjustments*

There was one adjustment arising from our audit that has been adjusted by management. A misclassification has been identified between the National non-domestic ratepayers debtors and creditors of £668,000. We note that this adjustment does not impact on General Fund balances. Details are included in Appendix D.

Further adjustments have been made to the income and expenditure account and Statement of General Fund balance which are yet to be finalised. We will confirm these adjustments once finalised. We note that these adjustments do not impact on General Fund balances.

Other presentational and disclosure adjustments have been proposed to improve the presentation of the accounts, however these are trifling adjustments, that in our view, do not warrant separate mention in the report as they do not impact on the reported financial position.

There was one further adjustment arising from our audit that impacted on the income and expenditure account. An estimate has been made in the notional rent element of the negative housing subsidy payment to the Department of Communities and Local Government ("CLG"), which proved to be inaccurate. The value of this estimate was £34,000. We note that this adjustment does

not impact on General Fund balances, but would reduce the Housing Revenue Account balance. Details are included in Appendix E.

Management has not agreed to process the accounts adjustment described above as it is not material to the fair presentation of the Statement of Accounts, and we would ask the Committee if they agree, or not with management on this matter.

*Control issues identified*

We identified two control issues that we reported to the Corporate Governance Committee in June 2007. These were noted as computerised controls over allocation of council tax income to the correct account code were not working effectively and that improvements have been made in budget monitoring processes, but further actions needed to align budgets to priorities.

We note that the Council under spent against the revised General Fund budget by £555,000 in 2006/07. Included within this under spend are a number of positive and negative variances against the budget, the most significant of these were refuse and recycling (£101,000 favourable), depreciation charges (£126,000 favourable) and deferred charges (£202,000 adverse).

The Council under spent against the original Housing Revenue Account balance by £1,290,000. Included within this under spend are a number of positive and negative variances against the budget, the most significant of these were through sheltered housing (£394,000 favourable), transfer to national pool (£301,000 favourable), unused provision for unanticipated expenditure

(£180,000 favourable) and a gross rent income (£138,000 favourable).

We acknowledge that under spends against the budget are generally better than over spends against the budget. Good practice is that there should be neither over nor under spending, as the Council needs to ensure that expenditure is sufficient to ensure that its objectives are met.

Overall, there are no other significant concerns over the controls in place at the Council that we wish to draw to the attention of the Committee.

assurance we will write to the Council confirming 2006/07 KLoE scores, in November 2007.

### 1.3 The VFM conclusion – current status and key issues

We have substantially completed our work on the Council's arrangements for achieving economy, efficiency and effectiveness in its use of resources.

At the date of writing this report, the only matter still outstanding relating to the Use of Resources conclusion is completion of a review to update our 2006/07 use of resources work for significant events up to the date of signing our conclusion.

Subject to satisfactory completion of the above work, we expect to issue an **unqualified VFM conclusion** by the 30 September deadline.

There are no significant issues we wish to draw to Members' attention. We did, however, make a number of recommendations in our March 2007 Use of Resources report. These recommendations have been followed up in part as part of our use of resources key lines of enquiry assessment (KLoE) for 2006/07. This work, which is nearing completion, confirms that arrangements, in each of the areas assessed remain at least adequate. Key messages can be found in Section three. Following national submission of scores and Audit Commission quality

### 1.4 Use of this report

This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards. This report should not be used for any other purpose or copied to third parties without our written consent. No responsibility is assumed by us to any other person. This report should be read in conjunction with the Council's draft letter of representation, which is appended to this report.

This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of the accounts and use of resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

We would like to take this opportunity to remind the Corporate Governance Committee of the need to monitor implementation of the recommendations arising out of this report (see Appendix C) and other reports issued during the year (see Appendix F).

### **1.5 Independence**

We are able to confirm our independence and objectivity as auditors and note the following:

- we are independently appointed by the Audit Commission
- the firm has been assessed by the Audit Commission as complying with its required quality standards
- the appointed auditor and client service manager are subject to rotation periodically
- we comply with the Auditing Practices Board's Ethical Standards. We have not undertaken any non-audit work for the Council (Appendix G).

### **1.6 Acknowledgments**

We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management, officers and members during the course of our audit.



## 2 Accounts Opinion

### 2.1 Introduction

We summarise in this section matters arising from our audit of the Council's 2006/07 accounts which we are required, under auditing standards, to report to those charged with governance.

### 2.2 Approach to the Audit

Our approach to the audit was set out in our 2006/07 audit plan. We have planned our audit in accordance with auditing standards and the Audit Commission's Code of Audit Practice. Other key factors to highlight include:

- we consider the materiality of items in the accounts both in determining the audit approach and in determining the impact of any errors
- we have been able to place appropriate reliance on the key accounting systems operating at the Council for final accounts audit purposes. We do, however, draw the Corporate Governance Committee's attention to control weaknesses identified in the Statement on Internal Control, prepared by management. We provide details in Appendix C of recommended improvements to systems arising from our accounts audit
- in 2006/07, we have been able to place reliance on the work of internal audit in respect of key accounting systems

- no significant changes have been made to our audit approach in the year.

### 2.3 Key audit findings

We summarise our key audit findings below:

#### *Accounting policies and practices*

We consider that the Council has adopted appropriate accounting policies in the areas covered by our testing. Accounting policies adopted are in accordance with the 2006 Local Authority Statement of Recommended Practice (SoRP).

We are satisfied that the relevant financial information disclosed in the Explanatory Foreword is consistent with the accounts.

#### *Material risks and exposures*

The Council has confirmed in its draft letter of representation that it has no material risks and exposures, to date, which should be reflected in the accounts.

Our audit procedures have not identified any significant risks and exposures to the Council, to date, which should be reflected in the accounts.

This review will be updated on the date the Council signs the final letter of representation and we sign our audit opinion.

*Audit adjustments*

There was one adjustment arising from our audit that has been adjusted by management. A misclassification has been identified between the National non-domestic ratepayers debtors and creditors of £668,000. We note that this adjustment does not impact on General Fund balances. Details are included in Appendix D.

Further adjustments have been made to the income and expenditure account and Statement of General Fund balance which are yet to be finalised. We will confirm these adjustments once finalised. We note that these adjustments do not impact on General Fund balances.

Other presentational and disclosure adjustments have been proposed to improve the presentation of the accounts, however these are trifling adjustments, that in our view, do not warrant separate mention in the report as they do not impact on the reported financial position.

There was one further adjustment arising from our audit that impacted on the income and expenditure account. An estimate has been made in the notional rent element of the negative housing subsidy payment to the CLG, which proved to be inaccurate. The value of this estimate was £34,000. We note that this adjustment does not impact on General Fund balances, but would reduce the Housing Revenue Account balance.

We also recommended a number of presentational adjustments, being mainly to improve clarity of disclosure in the accounts.

*Unadjusted error*

Management did not agree to the proposed adjustment in respect of the housing subsidy payable. The unadjusted item does not have a significant effect on the accounts, and we are satisfied with management's decision not to adjust.

Details of the unadjusted error are set out in Appendix E.

The Corporate Governance Committee should confirm that it is prepared to accept the unadjusted error.

### Other matters

The overall quality of the Council's working papers to support the 2006/07 accounts was good. One key area for improvement would be to provide evidence of movements in balances between the current year and prior year, as well as current year and budget.

We were presented with draft accounts on 25 June 2007. The Corporate Governance Committee approved these draft accounts on 29 June 2007.

The appointed day for electors to ask the auditor questions on the accounts this year was 20 August 2007. We received no questions or objections from the public in relation to the accounts.

Having considered the Council's medium term financial strategy and 2007/08 budgets it is appropriate for the Council to account on a going concern basis. We would however urge continued vigilance in arrangements for budgetary control, delivery of efficiency savings and maintenance of adequate levels of reserves as a cushion against future unanticipated events.

We have not identified any further matters, that we have not already reported, that require the attention of the Corporate Governance Committee.

We have discussed these and other matters arising with the Chief Executive and his team and have reflected their responses to the matters raised in the Action Plan attached at Appendix C.

### Next Steps

We will continue to work with the Council to ensure that outstanding finalisation issues are completed in time for the accounts opinion to be formally signed in accordance with the statutory deadline of 30 September 2007.

Subject to satisfactory resolution of the above issues, we expect to issue an **unqualified opinion on the Council's accounts**.

We are required to provide an audit opinion on the consolidation pack that is to be completed as part of Whole of Government Accounts. This work is not covered by our opinion on the Council's accounts. We will complete this work once the accounts audit has been finalised and in time for the 30 September 2007 deadline.

The Corporate Governance Committee should monitor implementation of the recommendations arising from this report.

## 3 VFM Conclusion

### 3.1 Background

The Code of Audit Practice requires us to reach a conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources ('VFM conclusion'). Our conclusion is supported by an assessment of arrangements against twelve criteria specified in the Code of Audit Practice ('Code criteria').

The following pieces of work have informed our assessment against the Code criteria:

- assessment of the Council's arrangements for financial reporting, financial management, financial standing, internal control and value for money, using the Commission's key lines of enquiry (KLoE)
- assessment of the Council's data quality management arrangements, using criteria prescribed by the Audit Commission
- statutory audit of the Council's 2006/07 Best Value Performance Plan (BVPP)
- review of relevant findings from the Council's Comprehensive Performance Assessment (CPA) corporate assessment, as updated by the latest Direction of Travel statement.

Our conclusions for each of the twelve Code criteria are set out in Table 1:

**Table 1 – Use of resources conclusions**

<b>No.</b>	<b>Code criteria – arrangements required</b>	<b>Arrangements adequate?</b>
1	Setting, reviewing and implementing strategic and operational objectives	Yes
2	Communication with service users and other stakeholders including partners, and monitoring arrangements to ensure that key messages about services are taken into account	Yes
3	Monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members	Yes
4	Monitoring the quality of published performance information, and reporting the results to members	Yes

5	Maintaining a sound system of internal control	Yes
6	Managing significant business risks objectives	Yes
7	Managing and improving value for money	Yes
8	Maintaining a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver strategic priorities	Yes
9	Ensuring that spending matches available resources	Yes
10	Managing performance against budgets	Yes
11	Managing the asset base	Yes
12	Promoting and ensuring probity and propriety in the conduct of business	Yes

A summary of our audit work, relating to the above Code criteria, is set out overleaf.

### **3.2 Overall use of resources findings**

We reported interim Use of Resources findings and recommendations in our Use of Resources report 2006 (March 2007). The overall report was positive, with the Council making progress in improving its risk management and internal control arrangements. The Council also received average scores in four out of five themes assessed by our key lines of enquiry work and above average scores in the financial reporting theme.

The report included a number of recommendations and suggestions for action. We will update the Committee at the next meeting of the Committee with our detailed findings in our updated work to be concluded in September 2007.

It is apparent that good progress has been made by the Council in implementing our use of resources recommendations from prior years. More detailed findings can be found under the key lines of enquiry judgements section below.

### **3.3 Corporate assessment, performance management arrangements and BVPP audit**

We are required to review the Council's latest corporate assessment in order to satisfactorily conclude on Code criteria 1 to 3 (see Table 1). In completing this work we are not required to re-perform the work of the corporate assessment team and the relationship manager, rather we are looking to place reliance on this work.

Our assessment for criteria 1 to 3 has therefore been based on the latest Direction of Travel statement (December 2006),

checked against our existing assessment of the Council's arrangements in these areas (reported most recently in our Use of Resources report of March 2007).

Based on this work, we assess the Council as having adequate arrangements for Code criteria 1 to 3, based on well developed arrangements for objective setting, consultation and performance management.

### **3.4 Data Quality Audit Work**

The audit work that we have used to reach our conclusion in respect of Code criteria 4 is our 2006 audit of the Council's corporate management arrangements for data quality.

Our audit concluded that the Council's management arrangements for data quality are adequate. We did, however, identify a number of reporting points for the Council to address and these were agreed in the Action Plan of the Data Quality report of November 2006.

We have recently completed our 2007 review of data quality management arrangements, which supports our conclusion that the Council's arrangements are adequate for Code criteria 4.

We will update this assessment, as required, following completion of our testing of a sample of the Council's performance indicators and will write to management with results of this work, in November 2007.

Our 2007 KLoE assessment is almost complete. We are not able to formally report scores to the Council until after the Audit Commission's national quality assurance processes are complete. We will share key messages from our work when we report to this Committee after November 2007.

### 3.5 Next Steps

We will continue to work with the Council to ensure that outstanding work is completed in time for the Use of Resources conclusion to be formally signed in accordance with the statutory deadline of 30 September 2007.

Subject to satisfactory completion of the above work, we expect to issue an **unqualified VFM conclusion**.

The Corporate Governance Committee should monitor implementation of use of resources recommendations arising from this and other reports issued during the year.

The Council will also need to prepare for changes to the use of resources KLoE criteria in 2008 and the wider changes to the VFM assessment framework which will take effect from 2009, as part of the Comprehensive Area Assessment.



## A Statement of Responsibilities - Accounts

The accounts, which comprise the published accounts of the audited body, are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources.

It is the responsibility of the audited body to:

- put in place systems of internal control to ensure the regularity and lawfulness of transactions
- maintain proper accounting records
- prepare accounts that present fairly the financial position of the body and its expenditure and income.

The audited body is also responsible for preparing and publishing with its accounts a statement on internal control.

Auditors audit the accounts and give their opinion, including:

- whether they present fairly the financial position of the audited body and its expenditure and income for the year in question

- whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards.

Subject to the concept of materiality, auditors provide reasonable assurance that the accounts:

- are free from material misstatement, whether caused by fraud or other irregularity or error
- comply with statutory and other applicable requirements
- comply with all relevant requirements for accounting presentation and disclosure.

Auditors examine selected transactions and balances on a test basis and assess the significant estimates and judgements made by the audited body in preparing the statements.

Auditors evaluate significant financial systems, and the associated internal financial controls, for the purpose of giving their opinion on the accounts. Where auditors identify any weaknesses in such systems and controls, they will draw them to the attention of the audited body, but they cannot be expected to identify all weaknesses that may exist.

Auditors review whether the statement on internal control has been presented in accordance with relevant requirements and report if it does not meet these requirements or if it is misleading or inconsistent with other information of which the auditor is aware. In doing so auditors take into account the knowledge of the audited body gained through their work in relation to the audit of the accounts and through their work in relation to the body's arrangements for securing economy, efficiency and effectiveness in the use of its resources.

Auditors are not required to consider whether the statement on internal control covers all risks and controls, nor are auditors required to form an opinion on the effectiveness of the audited body's corporate governance procedures or risk and control procedures.

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## B Statement of Responsibilities - VFM / Use of Resources

It is the responsibility of the audited body to put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to ensure proper stewardship and governance, and regularly to review the adequacy and effectiveness of them. Such corporate performance management and financial management arrangements form a key part of the system of internal control and comprise the arrangements for:

- establishing strategic and operational objectives
- determining policy and making decisions
- ensuring that services meet the needs of users and taxpayers and for engaging with the wider community
- ensuring compliance with established policies, procedures, laws and regulations
- identifying, evaluating and managing operational and financial risks and opportunities, including those arising from involvement in partnerships and joint working
- ensuring compliance with the general duty of best value, where applicable
- managing its financial and other resources, including arrangements to safeguard the financial standing of the audited body
- monitoring and reviewing performance, including arrangements to ensure data quality
- ensuring that the audited body's affairs are managed in accordance with proper standards of financial conduct, and to prevent and detect fraud and corruption

The audited body is responsible for reporting on these arrangements as part of its annual statement on internal control.

Auditors have a responsibility to satisfy themselves that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In meeting this responsibility auditors should review and, where appropriate, examine evidence that is relevant to the audited body's corporate performance management and financial management arrangements, as summarised above, and report on these arrangements. Auditors of specified local government bodies (best value authorities) also have a responsibility to consider, and report on, the audited body's compliance with statutory requirements in respect of the preparation and publication of its best value performance plan.

Auditors are responsible for reporting annually their conclusion, having regard to relevant criteria specified by the Audit Commission, as to whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Auditors report if significant matters have come to their attention that prevent them from concluding that the audited body has put in place proper arrangements. However, auditors are not required to consider whether aspects of the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources are effective.

In planning their audit work in relation to the arrangements for securing economy, efficiency and effectiveness in the use of resources, auditors consider and assess the relevant significant business risks. These are the significant operational and financial risks to the achievement of the audited body's statutory functions and objectives, which apply to the audited body and are relevant to auditors' responsibilities under the Code, and the arrangements it has put in place to manage these risks. The auditor's assessment of what is significant is a matter of professional judgement and includes consideration of both the quantitative and qualitative aspects of the item or subject matter in question. Auditors discuss their assessment of risk with the audited body.

When assessing risk auditors consider:

- the relevance and significance of the potential business risks faced by all bodies of a particular type
- other risks that apply specifically to individual audited bodies
- the audited body's own assessment of the risks it faces
- the arrangements put in place by the body to manage and address its risks.

In assessing risks auditors have regard to:

- evidence gained from previous audit work, including the response of the audited body to previous audit work
- the results of assessments of performance carried out by the Commission
- the work of other statutory inspectorates

- relevant improvement needs, identified in discussion with the Commission or other statutory inspectorates.

Where auditors rely on the reports of statutory inspectorates as evidence relevant to the audited body's corporate performance management and financial management arrangements, the conclusions and judgements in such reports remain the responsibility of the relevant inspectorate or review agency.

In reviewing the audited body's arrangements for its use of resources, it is not part of auditors' functions to question the merits of the policies of the audited body, but auditors may examine the arrangements by which policy decisions are reached and consider the effects of the implementation of policy. It is the responsibility of the audited body to decide whether and how to implement any recommendations made by auditors and, in making any recommendations, auditors should avoid any perception that they have any role in the decision making arrangements of the audited body.

While auditors may review audited bodies' arrangements for securing economy, efficiency and effectiveness in the use of resources, they cannot be relied on to have identified every weakness or every opportunity for improvement. Audited bodies should consider auditors' conclusions and recommendations in their broader operational or other relevant context.

Auditors are not required to report to audited bodies on the accuracy of performance information that the audited bodies

## APPENDIX B

publish. Auditors' work is limited to a review of the systems put in place by the audited body to collect, record and publish the information, in accordance with guidance issued by the Commission. Nor are auditors required to form a view on the completeness or accuracy of the information or the realism and achievability of the assessments published by those audited bodies that are required to prepare best value performance plans.

Audit work in relation to the audited body's arrangements to ensure that its affairs are managed in accordance with proper standards of financial conduct, and to prevent and detect fraud and corruption, does not remove the possibility that breaches of proper standards of financial conduct, or fraud and corruption, have occurred and remained undetected. Nor is it auditors' responsibility to prevent or detect breaches of proper standards of financial conduct, or fraud and corruption, although they will be alert to the possibility and will act promptly if grounds for suspicion come to their notice.

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## C Action Plan - Accounts

Finding	Action required for 2006/07 accounts	Other system improvement required	Management response	Implementation date and responsibility
<b>Issues relating to proposed adjustments</b>				
A misclassification has been noted in respect of NNDR ratepayer debtors and creditors.	Adjustment has been proposed in Appendix D.	None.		
A number of non-material adjustments are to be made to the income and expenditure account to allocate gains and losses appropriately between the income and expenditure account and the Statement of Total Recognised Gain and Losses.	Adjustment has been proposed in Appendix D.	None.		
An estimate was made to the housing subsidy payable to the CLG, which overstated the notional rental income used to calculate the liability.	Adjustment has been proposed in Appendix E.	None.		

## D Accounts adjustments agreed

Finding	I+E account Dr £000	I+E account Cr £000	Balance sheet Dr £000	Balance sheet Cr £000
<b>Accounting adjustments that affect the reported surplus/ deficit on the Income and Expenditure account</b>				
None.				
<b>Accounting adjustments that do not affect the reported surplus/ deficit on the Income and Expenditure account</b>				
A misclassification has been noted in respect of NNDR ratepayer debtors and creditors.			668 (to reduce creditors)	668 (to reduce debtors)
A number of disclosure adjustments have been agreed to improve clarity and presentation of the accounts which do not affect the reported financial position.				

## E Accounts adjustments not processed by management

Finding	I+E account Dr £000	I+E account Cr £000	Balance sheet Dr £000	Balance sheet Cr £000
<b>Accounting adjustments that would affect the reported surplus/ deficit on the Income and Expenditure account</b>				
An estimate was made to the housing subsidy payable to the CLG, which overstated the notional rental income used to calculate the liability.	34			34
<b>Accounting adjustments that would not affect the reported surplus/ deficit on the Income and Expenditure account</b>				
None.				

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## F Reports issued

Report title	Date issued
Audit and inspection plan 2006/07	March 2006
Use of Resources report 2006	March 2007
Annual report to those charged with governance	September 2007

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## G Audit fees update

Audit Area	Plan 2006/07	Actual 2006/07
Accounts	£34,500	£32,000
Use of resources	£78,000	£78,000
<b>Total Code of Audit Practice fee</b>	<b>£112,500</b>	<b>£110,000</b>

### Code of Practice audit

As shown in the table above, the 2006/07 actual fee was £2,500 less than the planned fee. The original plan included £2,500 for Whole of Government Accounts which was charged directly to the Audit Commission, after the audit plan was drafted.

### Grant claims audit

Grant claim certification work will be completed between August and December 2007. The fee for this work was originally estimated at £20,000.

Our work is charged to the Council based on the cost of auditing each claim and the overall fee normally varies from estimate, depending on the number and complexity of claims to be audited, as well as the quality of claim compilation and supporting documentation.

We will update the Council on the final fee charged for 2006/07.

### Non audit work

We have not carried out any audit work outside of the Code of Audit Practice audit and have not provided any non-audit services to the Council.