



Accountants &
business advisers

Epping Forest District Council

Report to those charged with governance

September 2008

Contents

1	Executive Summary.....	1
2	Introduction.....	2
3	Accounts.....	3
4	Use of Resources.....	11

Appendices

- A Recommendations arising from our audit
- B Draft letter of representation
- C Unadjusted misstatements
- D Draft independent auditors' report
- E Reports issued to date in respect of 2007/08

Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission contains an explanation of the respective responsibilities of auditors and of the audited body. Reports and letters prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.

1 Executive Summary

- 1.1 This report summarises the results of the work completed to date for the 2007/08 financial year and is presented to Members in accordance with the provisions of International Auditing Standard 260 (ISA 260), which requires us to communicate our audit findings to “those charged with governance”, prior to issuing our opinion on your Statement of Accounts (the Accounts) and our conclusion on the adequacy of your arrangements for securing economy, efficiency and effectiveness in your use of resources (our VFM conclusion).

Findings and conclusions

- 1.2 A summary of audit findings and conclusions is included in the table below:

Area of audit	Findings & Conclusion
Accounts	
Key financial systems	The majority of the key financial systems are adequate as a basis for preparing the financial statements. However, there are significant control weaknesses in the income and debtors system and creditors and payments system , which resulted in the need for additional substantive testing to be completed in order to mitigate the risk of material misstatement having occurred in the Accounts. Recommendations to improve the control environment in these two systems have been made and agreed.
Statement of Accounts	No material errors were identified from our audit work. A number of non-trivial, but not material, errors have been identified and corrected. We anticipate issuing an unqualified opinion on the Accounts on 26 September 2008.
Use of Resources	
Use of resources judgements	This is currently work in progress and a separate detailed report will be presented to the Audit & Governance Committee once complete. However, we are satisfied that sufficient evidence has been provided to demonstrate that your arrangements are at least “adequate” for VFM conclusion purposes.
Data Quality	Management arrangements in place for data quality are “adequate” for VFM conclusion purposes.
Best Value Performance Plan	We issued an unqualified opinion on the 2007/08 BVPP.
VFM Conclusion	Based on the work undertaken to date we expect to issue an unqualified VFM conclusion on 26 September 2008.

Acknowledgement

- 1.3 We would like to thank the staff of the Council for the co-operation and assistance provided to us during the audit.

2 Introduction

- 2.1 Our Annual Audit and Inspection Plan for 2007/08 outlined the work we would be carrying out at Epping Forest District Council (the Council) in order to meet our responsibilities under the Audit Commission's Code of Audit Practice.
- 2.2 This report summarises the results of our audit work completed to date in respect of the Council's Statement of Accounts (the Accounts) and the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 2.3 Our report is presented to Members in accordance with the provisions of International Auditing Standard 260 (ISA 260) which requires us to report certain matters to "those charged with governance", prior to issuing our opinion on the Accounts and conclusion on the adequacy of your arrangements for securing economy, efficiency and effectiveness in your use of resources.

Findings

- 2.4 Detailed recommendations in response to the key findings identified by our audit (both systems and final accounts stages) are provided in the action plan at Appendix A. These recommendations have been discussed with appropriate officers and their responses are included.
- 2.5 In this report we do not provide a comprehensive statement of all weaknesses that may exist in the accounting and control systems, but only those matters which have come to our attention as a result of the audit procedures performed.
- 2.6 We have not restated recommendations already made by Internal Audit. However, since issuing their previous system reports Internal Audit have completed some additional "top up testing" of controls at our request. This work identified a number of additional control weaknesses that, due to the timing of the additional work, have not yet been reported to the Council. Consequently, recommendations in relation to these matters have been included in this report at Appendix A.

Status of our report to the Council

- 2.7 This report has been prepared for Members' and Officers' information only and is not intended to include every matter that may have come to our attention. We accept no responsibility for any reliance that might be placed on it for any purpose by third parties, to whom it should not be shown without our prior written consent.

Independence

- 2.8 We confirm that we are not aware of any relationships that may bear on our independence and objectivity as auditor and that our independence declaration, included in the Annual Audit and Inspection Plan 2007/08, has remained valid throughout the period of the audit.

3 Accounts

Requirements

- 3.1 The Council is required to publish audited Accounts in accordance with proper practices as set out in CIPFA/LASAAC's Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice (SORP). The Director of Finance and ICT is responsible for the preparation of the Accounts in accordance with the SORP.
- 3.2 The Code of Audit Practice requires us to provide an opinion on whether the Accounts present fairly the financial position of the Council and its income and expenditure for the year, and whether it has been properly prepared in accordance with appropriate legislation.

Systems, risks and materiality

- 3.3 In carrying out this work we consider:
- the extent to which your accounting and internal control systems are a reliable basis from which to prepare the Accounts
 - the robustness of your accounts preparation processes.
- 3.4 In carrying out this review, we consider the environment within which those controls operate and evaluate specific controls that respond to significant risks. Following our evaluation we assess whether we shall be placing reliance on particular controls and where reliance is to be placed, we will conduct testing of the relevant controls.
- 3.5 Your key financial systems are:
- | | |
|--------------------------------|-------------------------------------|
| • Main accounting system | • Council tax |
| • Cash and bank | • Housing and council tax benefits |
| • Payments and creditors | • Non domestic rates (NDR) |
| • Income and debtors | • Housing rental income |
| • Payroll and employment costs | • Investments and investment income |
| | • Information technology |
- 3.6 We also consider the risk of material misstatements, including the risk of fraud and error, which may have an impact on our opinion. This requires us to:
- review the adequacy of the financial systems for accounting for transactions
 - review internal controls that are designed to prevent, or detect and correct, misstatements in the accounts
 - review the arrangements for preparing the Accounts
 - select and test transactions and balances, including review of significant balances against expectations and substantiate individual items
 - assess the significant estimates and judgements made by officers in preparing the Accounts
 - consider the adequacy of presentation and disclosures included in the Accounts.

Reporting to those charged with governance

- 3.7 In accordance with the requirements of auditing standards, auditors are required to communicate relevant matters relating to the audit to “those charged with governance”.
- 3.8 In particular we are required to report:
- qualitative aspects of accounting practices and financial reporting
 - the final draft letter of representation to be agreed by management and those charged with governance
 - unadjusted misstatements
 - expected modifications to the audit report
 - material weaknesses in accounting and internal control systems identified during our work
 - matters required to be communicated by other ISAs
 - any other audit matters of governance interest.
- 3.9 Our comments in each of these areas are set out below:

Accounting practices and financial reporting

Application of accounting policies

- 3.10 The key changes introduced by the 2007 SORP were:
- the introduction of a revaluation reserve, with a “Year 1” nil opening balance
 - the introduction of Financial Reporting Standards 25, 26 and 29 relating to the accounting treatment for financial instruments
- 3.11 The Council has dealt with the implementation of the revaluation reserve disclosures in an appropriate manner.
- 3.12 Some areas for improvement to the completeness and accuracy of disclosures were noted in respect of the implementation of FRS 25, 26 and 29. The Council made appropriate enhancements to disclosures to address these matters.

The accounts preparation process

- 3.13 The draft Accounts, with some amended papers, were approved by the Council on 26 June 2008, in line with the statutory timetable. The audit was scheduled to start on 28 July 2008 to give sufficient time for the Council to prepare the information required for it.
- 3.14 Overall there is notable scope for improvement to the accounts and audit preparation processes. We recognise that, in the first year of a change of auditor, there is a learning curve to be navigated as the two teams acclimatise themselves to the working methodologies of the other. This will inevitably have been a contributing factor that can be addressed jointly by the teams in future years. We also understand that this was a difficult year for the Council with key staff changes during the closedown period. We have arranged a joint ‘debrief’ meeting for the two teams to reflect on arrangements and develop an action plan to secure improvements and find the optimum way forward for an efficient audit.

Comprehensive working papers

- 3.15 As part of our planning for the final accounts audit, we had prepared and provided to officers a detailed document request listing which outlined the information that we would require to complete the audit on the basis set out in our audit plan (the Records Required List).

- 3.16 This document was not used by the Council to prepare for the audit and, as a result, a fully comprehensive set of cross referenced working papers was not received at the start of the audit. We did receive lead schedules and supporting ledger analysis for most key account areas, but a number of key working papers were not available until much later.
- 3.17 This undermined the efficiency of the audit and adversely impacted the audit timetable. In addition it increased the amount of queries raised by the audit team and, consequently, the level of demand placed by the audit team upon the Council's Officers, particularly Finance Department staff.
- 3.18 Nevertheless, the Finance Department staff were responsive and worked to address audit queries as timely as possible and we appreciate the co-operation afforded by them.

Staff availability

- 3.19 The majority of the key contacts within the Finance Department were on annual leave of a week or more at some point during the initial four week period scheduled for the audit. Although every effort was made to maximise access to those key staff during the times they were available, this again placed pressure on the audit timetable and increased the burden on the Assistant Director of Finance, and some other staff, as audit queries were rerouted by necessity in the absence of key contacts.

Testing of transactions and balances

- 3.20 As part of our audit, all material balances were subject to testing. There were a number of errors identified through this testing, none of which were material to the Accounts.
- 3.21 Details of the significant non-trivial but not material errors identified and adjusted for, and their impact on the Accounts, are set out below.
- 3.22 Details of the non-trivial uncorrected misstatements in the Accounts are set out in Appendix C.

Revaluation reserve

- 3.23 The Council disposed of a number of assets during 2007/08 with a total net book value of £9.5m. The SORP requires that, on disposal, any revaluation gain previously recognised in the Revaluation Reserve for the assets disposed be reversed out of the reserve. The revaluation gain recognised in the Revaluation Reserve in relation to those assets was £2.6m. The latter should have been reversed out of the Revaluation Reserve in order to comply with the SORP, but the Council instead debited the reserve with the full net book value of the assets disposed. The resultant error of £6.9m was corrected. This was a balance sheet error only, having no impact on the Income and Expenditure Account or the General Fund.

Valuation of housing stock

- 3.24 The Council's policy on revaluation provides for a desk top revaluation of housing stock (including garages) to be completed annually by the District Valuer. This revaluation is based upon the housing stock figure notified by the Council in 2005, adjusted each year for disposals. The audit identified a mismatch between the number of houses and garages used in the District Valuer's revaluation and the figures disclosed in the Accounts.
- 3.25 Further investigation identified that this was as a result of failure to notify the District Valuer of housing stock transfers to Registered Social Landlords (totalling 59 properties), and from errors in the figures notified to the District Valuer in the year 2000 (totalling to a further 16 properties and 80 garages).

- 3.26 The Council has sought and received a corrected revaluation from the District Valuer in relation to the 59 properties that were transferred to Registered Social Landlords. This quantified the error in respect of these properties as a £3.5m overstatement of fixed assets and the revaluation reserve.
- 3.27 In respect of the remaining 16 properties and 80 garages, an accounting estimate for the correction required has been calculated by the Finance Department, from a desk top review against the beacon values for similar properties, with the assistance of the Housing and Estates Departments. The error was estimated as a further £1.5m overstatement of fixed assets and the revaluation reserve. We consider the basis of this estimate to be reasonable.
- 3.28 Both these errors had an impact on the accuracy of depreciation charges and the vacant possession values reported in the notes to the Housing Revenue Account.
- 3.29 None of the errors identified were material to the Accounts and there was no impact on the Income and Expenditure Account or the General Fund. Nevertheless they have all been corrected in the revised accounts.

Reserves

- 3.30 The Council has an insurance reserve in the Accounts of £981,000 the intended purpose of which is to cover costs for claims that are not covered by the Council's insurance policies.
- 3.31 The reserve has accumulated over a number of years, with an annual average increase in the region of £150,000. Although the reserve has now been 'capped' at £981,000 there has been no utilisation of the reserve in at least the last five years and no critical review of the ongoing need for such a high level of reserve in the accounts. This calls into question the reasonableness of the level of reserve which does not match historical activity in terms of likely charges against it. Recommendations have been made in Appendix A regarding critical review and assessment of the ongoing need for this reserve.

Debtors

- 3.32 During our review of debtors we identified the following errors which have now been corrected in the Accounts:
- **Bad debt provision:** The Non Domestic Rates (NDR) bad debt provision had been incorrectly calculated due to the presence of an error in the formula in the calculation spreadsheet that resulted in double counting. Consequently, the provision was overstated by £319,141 which, in turn, affected the values for the payment to the NDR National Pool and the non domestic rates income in the Collection Fund, which were understated by the same amount.
 - **Receipt from the NDR National Pool:** As part of the year end close down procedures, the Council estimated the receipt from the National Pool to be £1,678,000 based on the latest information available. From review of the subsequent confirmation in August 2008, received from the Department of Communities and Local Government, the receipt was confirmed to be £1,275,236. The variance of £402,000 has been adjusted for in the Accounts.
 - **VAT return:** The Accounts included a year end debtor of £172,000 in respect of the year end VAT return. From review of the quarter 4 VAT return submitted by the Council, it was identified that the value of £519,379 was reported as the net VAT to be repaid by Her Majesty's Revenue and Customs (HMRC). The difference between the VAT return and the debtor balance of £347,000 had been incorrectly included within creditors.

Income and expenditure

- 3.33 The Housing Revenue Account (HRA) expenditure value recorded on the face of the Income and Expenditure Account differed to the total expenditure value reported on the face of the HRA by £250,000.
- 3.34 From our review of the adjustments made by the Council during the consolidation of the HRA into the Income and Expenditure Account it was identified that this was in fact Cultural Services general fund expenditure. As such it is considered more appropriate that the adjustments be reclassified on the face of Income and Expenditure Account to show them under the service headings to which the expenditure actually relates. The Council has now corrected this error within the Accounts and made adjustments to the prior year comparative values.

Cash flow statement

- 3.35 The audit of the cash flow statement identified a number of non-trivial misclassifications within the separate lines of the statement. These had no effect on the overall net increase in cash reported and have been corrected.
- 3.36 However, there is an unadjusted balancing error included in the movement in revenue creditors line of the cash flow statement of £269,000 for which we are unable to satisfy ourselves of the accuracy of classification. This is not material to the accounts but has been included in Appendix C as an unadjusted non-trivial error. A recommendation has been raised in Appendix A for further work to be done to ensure that this is investigated with a view to preventing recurrence in future years.

Housing revenue account

- 3.37 There was some ambiguity in respect of previously received guidance on the accounting treatment of the opening capital financing requirement when calculating the Item 8 credit in the HRA. This is not considered to be an error in the accounts but a matter of professional interpretation in respect of a technical accounting issue and we will work with the Council to review and agree the accounting treatment in respect of 2008/09.

Adequacy of disclosures

- 3.38 Aside from the relevant matters identified as errors above, there have been no significant matters of non compliance with the disclosure requirements of the SORP and Financial Reporting Standards, although there have been a number of enhancements made to improve the comprehensiveness and presentation of notes.
- 3.39 It is a requirement of the SORP that authorities disclose any related party transactions. As part of the process for identifying whether there are any relevant related party transactions that require disclosure, Members and Officers are requested to complete and sign declarations outlining any potentially relevant transactions.
- 3.40 At the time of presenting the initial draft of this report to the Audit and Governance Committee on 18 September 2008 declarations had not been received from three current serving Members. Failure to return declarations could prevent us from concluding that there are no material misstatements in respect of related party transactions.

Letter of representation

- 3.41 The draft letter of representation has been attached as Appendix B. This has been amended since our initial draft report to include the unadjusted error in respect of the cash flow statement.

Unadjusted misstatements

- 3.42 We set out at Appendix C all of the non-trivial misstatements which we noted during the course of our audit and which management do not intend to adjust. On behalf of the Audit and Governance Committee, as agreed at their meeting on 18 September 2008, the Chair of the Committee agreed that these items will not be adjusted in the Accounts. This was subsequently confirmed in the Letter of Representation received on 25 September 2008.

Audit report

- 3.43 At the time of drafting this report we are proposing to issue an unqualified opinion on the Accounts on 26 September 2008, in accordance with the statutory deadline of 30 September.

Accounting and internal control systems

- 3.44 We have reviewed the key financial systems in place across the Council, which contribute to the preparation of materially accurate Accounts, to assess the extent to which we can place reliance on them for this purpose.
- 3.45 Under Auditing Standards we also have a responsibility to give specific consideration to the potential risk of material misstatement in the Accounts due to fraud and error, including the risk of fraudulent financial reporting.
- 3.46 The primary responsibility for ensuring that your internal control frameworks are robust enough to prevent and detect material fraud and corrupt practices lies with management and those charged with governance.
- 3.47 Our approach to the audit of the financial systems has involved considering key control areas for each system and satisfying ourselves that they are operating as intended and are sufficient to prevent material misstatements within the Accounts. In assessing the reliability of systems as a basis for providing financial information, systems notes were prepared for each financial system and we have evaluated the controls within those systems, with particular focus on assessing whether the controls in place to mitigate significant risks are suitably designed and operating as intended to meet their objective.
- 3.48 Where possible, we have placed reliance on Internal Audit's work and thereby avoided unnecessary duplication of audit effort. To ensure this approach was valid, we have undertaken the following:
- reviewed Internal Audit's working papers and reports
 - considered the robustness of the key financial systems on the evidence of this work
 - relied on Internal Audit's evaluation of controls and re-perform a sample of their testing of the effectiveness of controls, to ensure that their conclusions are soundly based
 - considered Internal Audit's review of the effectiveness of internal control.
- 3.49 We were able to place reliance on the work of Internal Audit. Some areas for improvement in our joint working arrangements have been identified and discussed with the Chief Internal Auditor, recommendations for which have been included in Appendix A. We will work closely with Internal Audit to ensure the maximum reliance can be placed on their work in future years, securing optimum use of total internal and external audit resource.

- 3.50 In order to identify the fraud risks, and the controls you have put in place to mitigate those risks, we have:
- discussed your anti fraud and corruption arrangements with officers and those charged with governance
 - considered the extent to which the work of Internal Audit is designed to detect material misstatements in the accounts arising through fraud
 - made inquiries regarding instances of actual fraud you have identified.

Conclusion

- 3.51 The majority of the Council's key financial systems are adequate as a basis for preparing the Accounts. However, significant control weaknesses were identified within the creditors and payments system and the debtors and income system that resulted in the need for additional substantive testing to be undertaken as part of our audit of the Accounts. These weaknesses are outlined below:
- **Creditors and payments system:** Lack of controls around segregation of duties makes it possible for the same individual to order and receive goods and then subsequently authorise the payment for those goods. This control weakness and recommendations for strengthening the control environment were reported by Internal Audit. We have not repeated these recommendations in this report.
 - **Debtors and income system:** There are no controls in place to ensure that income not processed through the income and debtors IT system (AIMs) or the Cash Receipting system e.g. income in respect of car parking, penalty charge notices, building control and licensing is received and accurately accounted for in the general ledger. Several control weaknesses have been reported previously by Internal Audit in relation to some of these income streams but not in respect of the 2007/08 financial year (due to the timing of the findings), hence we have made supplementary recommendations for improvement in Appendix A to this report.

Matters required to be reported by other auditing standards

- 3.52 There are no other matters arising from our work that we are required by other auditing standards to bring to the attention of those charged with governance.

Other audit matters of governance interest

Annual Governance Statement (AGS)

- 3.53 In June 2007 CIPFA, in conjunction with the Society of Local Authority Chief Executives (SOLACE), published Delivering Good Governance in Local Government: Framework. This framework, and the accompanying guidance notes, replaces the previous CIPFA/SOLACE framework, Corporate Governance in Local Government – A Keystone for Community Governance: Framework, which was published in 2001. The framework applies to all local government bodies and is directly relevant to a number of use of resources Key Lines of Enquiry (KLoE), in particular the three internal control KLoE.
- 3.54 Of particular importance is the introduction through the CIPFA/SOLACE framework, from 2007/08, of an integrated "annual governance statement". This subsumes the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment) (England) Regulations 2006) for the production of a statement on internal control (SIC).

- 3.55 The framework reflects the Commission's own definition of corporate governance as:
*"... about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, open, honest and accountable manner.
It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities."*
- 3.56 The Council has a responsibility to publish a Governance Statement, including the outcome of a review of its effectiveness, with its 2007/08 Accounts.
- 3.57 We have reviewed the Annual Governance Statement, and the supporting review of effectiveness that has been undertaken, and we are satisfied that the Statement is not inconsistent with the evidence provided in the review of effectiveness and our knowledge of the Council.

4 Use of Resources

- 4.1 The Audit Commission's Code of Audit Practice requires us to be satisfied that proper arrangements have been made by the Council to secure economy, efficiency and effectiveness in the use of resources (value for money).

Value for money conclusion

- 4.2 Our VFM conclusion is based on considering the results of the Use of Resources KLoE assessment and the results of the Data Quality management arrangements (Stage 1) assessment. The conclusion also draws on the results of local risk based audit work, as well as consideration of the Council's processes underpinning its review of the effectiveness of its controls as described in the Annual Governance Statement.
- 4.3 The Use of Resources KLoE assessment work has been sufficiently completed to enable the delivery of the VFM conclusion and will be finalised in November 2008, as required by the Audit Commission's timetable for quality assurance. A detailed report of findings will be provided to Officers later in the year.
- 4.4 The Data Quality management arrangements assessment has been sufficiently completed to enable the delivery of the VFM conclusion and will be finalised in October 2008, as required by the Audit Commission's timetable. A detailed report of findings will be provided to Officers later in the year.
- 4.5 This work will contribute to forming our overall conclusion on your arrangements to secure economy, efficiency and effectiveness in the use of resources, as audited bodies are required to reach expected minimum requirements in each of the 12 VFM conclusion criteria reviewed, to achieve an unqualified opinion.

Proposed conclusion

- 4.6 Our work in this area is incomplete at the time of drafting this report. However, from the work completed to date and based on our knowledge of the Council gained through attendance at Committee meetings and through liaison, we anticipate giving an unqualified VFM conclusion, in line with that included at Appendix D, on 26 September 2008.

Statutory report on the 2007/08 Best Value Performance Plan

- 4.7 The audit of the Best Value Performance Plan 2007/08 ("BVPP") was completed in 2007 and we reported that the Council had prepared and published its BVPP in all significant respects in accordance with section 6 of the Local Government Act 1999 and statutory guidance issued by the Government. An unqualified opinion was issued on 14 December 2007.
- 4.8 No recommendations have arisen from this work.

Appendix A: Recommendations arising from our audit

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
SYSTEMS					
Internal Audit					
<p>Overall we concluded that we were able to rely on the work of Internal Audit in discharging our duties under the Audit Commission's Code of Audit Practice.</p> <p>Nevertheless, some specific areas for improvement in the structure and coverage of their audits were noted. In particular, the timing of audits resulted in the testing of controls not covering all quarters of the financial year for all key financial systems. This undermines the strength of assurance that can be given in respect of the effectiveness of the operation of key controls for the whole financial year, but was later addressed through the delivery of agreed 'top up testing'.</p> <p>However, we also noted that Internal Audit's Non Domestic Rates working paper file was of particularly good quality, being well structured, fully cross referenced and comprehensive in terms of the depth of evidence retained in support of the conclusions drawn. This would be a good example to use in formulating standard working papers and structures for use in all Internal Audit work.</p>	<ol style="list-style-type: none"> 1. Perform top-up testing on each system to ensure that the testing of the key controls covers all quarters of the financial period under review. 2. Adopt a standard methodology for documenting the results of the testing of controls, by including the following information within the working papers: <ul style="list-style-type: none"> • Justification for the sample size selected and details of the method used to select the sample. • An overall results schedule for each control tested, including the results for each item tested. • An overall conclusion for each control tested. • The reasoning behind the decision on whether or not to undertake additional audit testing when errors are identified within the original sample tested. 	<p>High</p> <p>Medium</p>	<ol style="list-style-type: none"> 1. Agreed. Provision for top-up testing has already been made in the 2008/09 Audit Plan for this purpose. (The main reason for this issue arising is the practical restriction around staff resource allocation which prevents all finance system audits being undertaken in quarter 4. Top up testing is the means of providing the necessary level of assurance). 2. Agreed. The first three bullet points are generally included within audit working papers but standard headings will be included in future to ensure a consistency of approach. Appropriate explanations in respect of the last bullet point will also be included. 	<p>Joe Akerman, Chief Internal Auditor</p> <p>Joe Akerman, Chief Internal Auditor</p>	<p>October 2008</p> <p>October 2008</p>

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Cash and bank					
<p>No evidence of the three authorised signatories for signing manual cheques, as recognised by the bank, was provided for audit.</p> <p>We understand that this information had been received from the bank previously but this could not be located.</p> <p>This reduces the assurance that can be gained from controls over the authorisation of manual cheques and mitigation of potential fraud.</p>	3. Obtain and retain evidence from the bank of the recognised authorised signatories for manual cheques.	Medium	Agreed.	Peter Maddock, Assistant Director of Finance	October 2008
Income and debtors					
<p>There are no controls in place to ensure that all income due is received and accurately accounted for in respect of a number of material income streams, for example, income in respect of car parking, penalty charge notices, building control and licensing where income is not processed using the AIMS or cash receipting systems.</p> <p>This increases the risk of material error occurring in the accounts.</p> <p>These control weaknesses have previously been reported by Internal Audit but have the potential to materially affect the accuracy of the accounts and, hence, resulted in the need for us to carry out additional substantive testing on your Accounts.</p>	4. Undertake regular reconciliations of all expected income to invoices raised or income due, for all material income streams outside of the AIMS and cash receipting system.	High	Agreed in principle. All income streams outside of the AIMS and Cash Receipting systems will be reviewed individually to determine the best control mechanisms to implement for each.	Peter Maddock, Assistant Director of Finance	December 2008

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Payroll					
<p>There is no independent check performed on the accuracy of the system parameters that are updated by the Payroll Manager.</p> <p>This increases the risk of material error occurring in the Accounts as a result of possible inaccuracies in the updates not being detected.</p>	5. Perform an independent check on the system parameters uploaded onto the Payroll system by vouching to reference documentation.	Medium	The payroll officers will perform a sample check.	Anita James & Brenda Corder, Payroll Officers	September 2008
	6. Retain evidence of this check by way of a signature and date on the system parameters report produced from the Payroll system.	Medium		Anita James & Brenda Corder, Payroll Officers	September 2008
<p>The details of starters and leavers are not always being recorded on the monthly payroll returns that are completed by budget holders.</p> <p>This increases the risk of undetected error occurring as a result of failure to notify or late notification payroll changes to the Payroll Department.</p> <p>This weakness was identified from Internal Audit's top-up testing which was performed after the issue of their 2007/08 report on the payroll system.</p>	7. Remind budget holders of their responsibility to fully complete the monthly payroll returns and send them to payroll on a timely basis for processing.	Medium	Employing departments will be reminded again to fully complete the monthly payroll returns and send them to the Payroll Department on a timely basis for processing.	Paula Maginnis, Assistant Director of Human Resources	October 2008
<p>Our review identified that the Payroll Manager undertakes sample checks of the accuracy of employee tax and national insurance calculations. However, no evidence of these checks is retained.</p> <p>Retention of documentation to evidence these checks strengthens the control environment and improves the assurances that can be given in respect of the accuracy of pay costs in the Accounts.</p>	8. Retain the evidence for all sample checks made in respect of tax and national insurance calculations.	Low	The sample payslip (where tax and NI are checked) will be signed by the Payroll Manager.	Jayne Howell, Payroll Manager	September 2008

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Payroll (continued)					
<p>There is no overall sign-off by the payroll officers that perform monthly reasonableness checks on payroll data.</p> <p>This reduces the assurance that can be gained that the control was in place and operating effectively for the whole financial year.</p> <p>This weakness was identified from Internal Audit's top-up testing which was performed after the issue of their 2007/08 report on the payroll system.</p>	9. Sign and date the first page of the monthly payroll data to provide evidence that the monthly payroll reasonableness checks have been completed satisfactorily.	Low	The checking officer will sign and date the first page of the payslips.	Jayne Howell, Payroll Manager Anita James & Brenda Corder, Payroll Officers	September 2008
Information technology					
<p>The ICT Department has a disaster recovery plan embedded within the overall corporate plan. However, the current plan has not been reviewed for at least 18 months, since the IT Department merged with the Communication Department.</p> <p>There is a risk that there is insufficient information in the plan regarding the new merged department. Also any new systems that have been implemented since the original plan was designed will not be covered in the plan, increasing the exposure of those systems in the event on an adverse ICT incident occurring.</p>	10. Design, document and test a stand alone disaster recovery plan for the ICT Department.	Medium	A comprehensive revision of the Council's Business Continuity Plans is currently underway. This recommendation will be picked up as part of this process.	David Newton, Assistant Director – ICT	September 2008

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Benefits					
<p>Although there are accuracy checks made after the update of the revenues and benefits IT system (ORBIS) parameters for Department of Work and Pension circulars, no physical record is retained of the checks.</p> <p>Retention of documentation to evidence these checks strengthens the control environment and improves the assurances that can be given in respect of the accuracy of benefits transactions in the Accounts.</p>	11. Retain evidence for all the checks made of the updated parameters back to the DWP circulars and for any subsequent calculation checks performed on benefits claims using the updated parameters. This should include signing and dating screen prints showing the updated parameters.	Medium	Parameters are input and checked by at least two Officers but currently there is no paper record of the checking. Paper records as recommended will be kept during year end processing 2009/10.	Julian Lewis, Benefits Manager	March 2009
Non domestic rates (NDR)					
<p>There is no independent review of the Valuation List to ORBIS reconciliations.</p> <p>This increases the risk that errors will not be detected and ORBIS not correctly updated.</p>	12. Independently review Valuation List to ORBIS reconciliations and sign to evidence that this review has taken place.	Medium	Management will implement this change.	Gerry Greenwold, Senior NNDR Control Officer	September 2008

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Non domestic rates (continued)					
<p>Whilst we understand that there are cyclical controls (once every 5 years) in place to check the ongoing entitlement of business ratepayers to mandatory and discretionary reliefs granted, no evidence could be provided at audit of this having been done.</p> <p>This increases the risk of over provision of relief resulting in inaccurate reduction of income due.</p> <p>This issue does not relate to small business rate relief or empty property relief which is subject to separate controls that were tested and found to be satisfactory.</p> <p>This weakness was identified from Internal Audit's top-up testing which was performed after the issue of 2007/08 their report on the NDR system.</p>	13. Retain evidence of the operation of controls to check the ongoing entitlement of business ratepayers to reliefs given.	Medium	Agreed. The new Academy IT system has improved functionality in this respect, which will be utilised.	Gerry Greenwold, Senior NNDR Control Officer	Commencing April 2009
<p>There was no formal sign-off of the annual billing list amendments for NDR. A document was retained which showed that it has been ticked, but it was not signed to show who had completed this check, or when.</p> <p>Extending the annotation to the reports to evidence checks with the checkers signature and date strengthens the control environment and improves the assurances that can be given in respect of the accuracy of NDR transactions in the Accounts.</p>	14. Sign and date the checks on the annual billing list amendments to the parameters in the Academy system.	Low	The annual billing changes will be formally signed off in the future.	Rob Pavey, Assistant Director - Revenues	February 2009

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Non domestic rates (continued)					
<p>There are three clerical assistants within the NDR and Council tax Teams who also perform relief cashier duties and, as such, have access to both ORBIS and the Cash Receipting System.</p> <p>Although it was noted that the relief cashier function is rarely performed, the officers in question still have access to update NNDR and Council Tax billing accounts and receipt income on the Cash Receipting System.</p> <p>Segregation of duties is primarily a fraud prevention control, however, there is also an increased risk of error to the accounts.</p>	<p>15. The Council should consider restricting the system access of the NNDR and Council Tax Clerical Assistants to either:</p> <ul style="list-style-type: none"> No longer having access to the Cash Receipting System; or Having read only access to ORBIS so that changes to Council Tax and NNDR billing accounts cannot be made. 	Low	<p>This position has been discussed in previous audits. Management accepts there is a risk but the level of risk is sufficiently low to justify the benefits of the emergency cashier cover the clerical assistants bring.</p>	N/A - not agreed.	N/A – not agreed.
ACCOUNTS					
Accounts preparation					
<p>We prepared and provided to officers a detailed document request, the Records Required List (RRL) which set out the information and working papers that we would require to undertake the audit.</p> <p>The RRL was not used to prepare for the audit and, as a result, a fully comprehensive set of cross referenced working papers was not received.</p> <p>This undermined the efficiency of the audit and adversely impacted the timetable.</p>	<p>16. Utilise the Records Required Listing as a basis for compiling a comprehensive set of working paper files for the audit. This should include:</p> <ul style="list-style-type: none"> Cross referencing of the RRL to individual working papers provided Retention of evidence supplied by other departments in support of the accounts within the central working paper files provided for audit. 	High	Agreed.	Peter Maddock, Assistant Director of Finance	March 2009

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Fixed assets					
<p>The housing stock numbers used by the District Valuer in preparing the annual desktop revaluation of Council dwellings and garages were incorrect. This resulted in a non-trivial error to the accounts, the scale of which is still to be determined but it is not considered likely to be material.</p>	17. Provide the District Valuer a full annual analysis of changes to the housing stock (including garages).	High	Agreed.	Peter Maddock, Assistant Director of Finance	March 2009
	18. Check the accuracy of the housing stock numbers used in the District Valuer's report back to Housing Department records as part of the accounts closedown and preparation procedures.	High	Agreed.	Peter Maddock, Assistant Director of Finance	March 2009
Related parties					
<p>Related Party disclosure declaration forms had not been received from three currently serving Councillors five months after the year end and two months after approval of the Council's financial statements. This increases the risk of material error in the accounts as defined in Financial Reporting Standard 8 (FRS8).</p>	19. Complete and return declarations timely and, at the latest, before the approval of the draft accounts.	High	Agreed.	All Officers and Members	June 2009
	20. Review the arrangements for monitoring and securing receipt of completed declarations. This could include, for example, monitoring through the Audit and Governance Committee or Finance Cabinet Committee.	Medium	Agreed.	Bob Palmer, Director of Finance and ICT	March 2009
Building control account					
<p>There is a three year cumulative deficit on the chargeable part of the Building Control Account of £132,000. There is a statutory requirement for the Council to achieve a breakeven position on the account. Failure to review this position annually and take appropriate action could put the Council in breach of legislation.</p>	<p>21. Devise and implement a plan for bringing the cumulative position on the Building Control Account into break even.</p> <p>22. Seek approval of the plan from the Finance Cabinet Committee.</p>	High	Agreed.	John Preston, Director of Planning and Economic Development	March 2009

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Reserves					
<p>There is an insurance reserve in the accounts of £981,000 the intended purpose of which is to cover costs for claims that are not covered by the Council's insurance policies. The reserve has accumulated over a number of years and has recently been capped. There has been no utilisation of the reserve for at least the last five years and no critical review of the ongoing need for such a high level of reserve in the accounts. This calls into question the reasonableness of the level of reserve which does not match historical activity in terms of likely charges against it.</p> <p>In addition, we understand that any excesses payable in respect of Council insurance claims would likely be charged against this reserve if not charged directly to the Service Departments. This would normally be accounted for through the creation of a specific provision within the accounts, under FRS 12.</p>	23. Critically review the ongoing requirement for, and level of, the insurance reserve held.	High	Agreed.	Bob Palmer, Director of Finance and ICT	February 2009
	24. Report the findings of the review to Council for approval of any proposed action in respect of write back or likely utilisation of the reserve.	High	Agreed. This will be done as part of the next Budget Report.	Bob Palmer, Director of Finance and ICT	February 2009
	25. Create a provision in the accounts for the excess in respect of known insurance claims payable that are not to be recharged to the Service Departments.	Medium	Agreed.	Peter Maddock, Assistant Director of Finance	March 2009

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Cash flow statement					
The audit of the cash flow statement identified a number of non-trivial misclassifications within the separate lines of the statement and balancing error included in the movement in revenue creditors line of £269,000 for which we are unable to satisfy ourselves of the accuracy of classification.	26. Investigate the cause of the imbalance, and critically review the process used to construct the cash flow statement, with a view to preventing recurrence in future years.	High	Agreed.	Peter Maddock, Assistant Director of Finance	November 2008
Nominal ledger					
<p>The accounting code structure within the CEDAR IT system (nominal ledger) was incorrectly set up on implementation. Consequently each year the ledger attempts to incorrectly roll forward revenue accounts, and their income and expenditure totals.</p> <p>This processing error generates the need for increasingly large (and material) journal transactions to be posted as part of the accounts close down, in order to correct the processing errors.</p> <p>From our audit testing we were able to gain sufficient assurances that these correcting journals had been accurately processed and that the accounts were not materially inaccurate in 2007/08. Nevertheless this creates an unnecessary burden in terms of increase time and costs required to identify, correct and audit the adjustments.</p>	27. Work with the CEDAR software provider to correct the software set up errors before the 2008/09 closure of the ledger is required.	High	Discussions with CEDAR are ongoing to upgrade the system and implement these changes.	Peter Maddock, Assistant Director of Finance	March 2009

Conclusions from work	Recommendations	Priority	Response	Responsibility	Timing
Debtors					
<p>The Council currently has no Member approved policy in place for providing against bad and doubtful debts.</p> <p>Whilst the percentages used to create a provision in the Accounts appear reasonable it is good practice to have a documented policy, approved by Members, that is reviewed periodically for ongoing appropriateness.</p>	28. Document the policy in respect of provision for bad and doubtful debts and seek its approval from the Finance Cabinet Committee.	Low	<p>Agreed. We will expand the existing Sundry Income and Debt Policy to include bad and doubtful debt provision and develop a policy for other debt types.</p> <p>Agreed.</p>	<p>Peter Maddock, Assistant Director of Finance</p>	March 2009
	29. Periodically (at least once every 3 years) review the policy for ongoing relevance and appropriateness, amending and re-approving as necessary	Low			<p>Peter Maddock, Assistant Director of Finance</p>
Trust funds					
<p>Charitable trust fund balances have been included in creditors within the balance sheet in the Accounts.</p> <p>Whilst the amount of £54,000 is considered to be trivial, this does not comply with the SORP which specifically states that trust funds should be excluded from an authority's balance sheet.</p>	30. Exclude trust fund balances from the balance sheet in future years.	Low	Agreed.	Peter Maddock, Assistant Director of Finance	June 2009
Annual Governance Statement					
<p>The Annual Governance Statement was found to be consistent with our knowledge. However, we considered that there was some scope to reduce the length of the statement and streamline its content in order to improve its impact.</p> <p>We will work with the Council in order to achieve this in 2008/09.</p>	31. Review the content and format of the Annual Governance Statement with a review to streamlining it in 2008/09.	Low	Agreed.	Bob Palmer, Director of Finance and ICT	February 2009

Appendix B: Draft letter of representation

PKF (UK) LLP
16 The Havens
Ransomes Europark
Ipswich
Suffolk
IP3 9SJ

25 September 2008

Dear Sirs

Statement of Accounts of Epping Forest District Council for the year ended 31 March 2008

1 Representations of the Director of Finance and ICT

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of other officers and members of the Council, the following representations given to you in connection with your audit of the Council's Statement of Accounts.

2 Responsibility for the Statement of Accounts

I acknowledge as the Director of Finance and ICT and s151 Officer my responsibilities for the Statement of Accounts.

3 Completeness of information

All the accounting records have 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 accounting records. All other records and related information, including minutes of all management and committee meetings (held during the year and up to the date of this letter) have been made available to you.

4 Internal control

I acknowledge my responsibility for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement of Accounts that are free from misstatement, whether arising from fraud or error.

5 Fraud

I have disclosed to you the results of my assessment of the risk that the Statement of Accounts could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting materially the Statement of Accounts, nor have any allegations of fraud or suspected fraud been communicated to me by employees, former employees, councillors, regulators or others which might affect materially the Statement of Accounts.

6 Compliance with law and regulations

I am not aware of any possible or actual instances of non-compliance with laws or regulations which are central to the Council's ability to carry on business or which would otherwise have a potentially material effect on the Statement of Accounts.

7 Transactions with related parties

I confirm that I have put in place appropriate arrangements to identify related party transactions.

I am satisfied that the disclosure in the Statement of Accounts of related party transactions is appropriate and complete and contains all the elements necessary for an understanding of the Statement of Accounts.

8 Contingent liabilities

I am not aware of any significant contingent liabilities, including pending claims, proceedings or litigation involving the Council.

9 Uncorrected misstatements

You have brought to my attention uncorrected misstatements in the Statement of Accounts as listed in Appendix C to this letter. I do not wish to correct these misstatements as I consider them to be immaterial to the view given by the Statement of Accounts.

10 Pension fund assumptions

I confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) scheme liabilities, as applied by the scheme actuary, are reasonable and consistent with my knowledge of the business. These assumptions include:

- Rate of inflation 3.60 %
- Rate of increase in salaries 5.10%
- Rate of increase in pensions 3.60%
- Rate for discounting scheme liabilities 6.10%

I also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

11 Subsequent events

There have been no events since the balance sheet date which necessitate revision of the figures included in the Statement of Accounts or inclusion of a note thereto where revisions of the Accounts have not been made or notes not included. Should any material events occur, which may necessitate revision of the figures included in the Statement of Accounts or inclusion of a note thereto, I will advise you accordingly.

Yours faithfully

Bob Palmer
Director of Finance and ICT

*Representations of the Council***1 Responsibility for the Statement of Accounts**

We acknowledge our responsibilities to make arrangements for the proper administration of the Council's financial affairs and to approve the Statement of Accounts.

2 Uncorrected misstatements

We have considered the uncorrected misstatements in the Statement of Accounts as listed in Appendix 1 to this letter together with the explanations provided by the Director of Finance and ICT for not correcting these misstatements, and we consider them to be immaterial to the view given by the Statement of Accounts.

3 Annual Governance Statement

We confirm that the Council has conducted a review during the year of the effectiveness of its system of internal control. We are satisfied that the Annual Governance Statement appropriately reflects the circumstances of the Council and includes an outline of the actions taken, or proposed, to deal with significant internal control issues.

Yours faithfully

Cllr John Knapman
Chair of the Audit and Governance Committee

Signed on behalf of the Council

Note: Appendix 1 referred to in this letter relates to Appendix C in this report

Appendix C: Unadjusted misstatements

The table below details the potential differences recorded during the audit which are not adjusted for currently within the Accounts:

Unadjusted misstatements	Income Over/ (Under) £'000	Expenses (Over)/ Under £'000	Assets (Over)/ Under £'000	Liabilities Over/ (Under) £'000	Reserves Over/ (Under) £'000	Management comments
Misstatements of fact (specific misstatements)						
Balancing error within the cash flow statement	(269)	269				
Misstatements of subjective decisions (estimates or application of accounting policy)						
None						
Likely misstatements (extrapolation of errors)						
None						
Total net misstatements	(269)	269				
- Net understatement of costs						
- Net overstatement of net assets						

Appendix D: Draft audit opinion

Independent auditor's report to the Members of Epping Forest District Council

Opinion on the financial statements

We have audited the Statement of Accounts and related notes of Epping Forest District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Statement of Accounts comprise the Income and Expenditure Account, the Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow 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 Epping Forest District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Director of Finance and ICT and auditor

The Director of Finance and ICT's responsibilities for preparing the Statement of Accounts in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Statement of Accounts present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Council and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the Statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

We read other information published with the Statement of Accounts, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In our opinion the Statement of Accounts present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Council as at 31 March 2008 and its income and expenditure for the year then ended.

Signature: _____ Date: _____

Name: PKF (UK) LLP
Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

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

Council's Responsibilities

The Council 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 regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Council has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, we are satisfied that, in all significant respects, Epping Forest District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

Best Value Performance Plan

We issued our statutory report on the audit of the Council's 2007 best value performance plan on 14 December 2007. We did not identify any matters to be reported to the Council and did not make any recommendations on procedures in relation to the plan.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Signature: _____ Date: _____

Name: PKF (UK) LLP
Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

Appendix E: Reports issued to date in respect of 2007/08

Annual Audit and Inspection Plan	May 2007
Opinion on 2007/08 BVPP	December 2007
Health Inequalities	March 2008
Final report to those charged with governance	September 2008