

Annual Audit and Inspection Letter

Torridge District Council

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Executive summary

The purpose of this letter

This is our audit and inspection 'Annual Letter' for members, which incorporates the Annual Audit Letter for 2003/04, and is presented by the council's Relationship Manager and District Auditor. The letter summarises the conclusions and significant issues arising from our recent audit and inspections of the council.

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

Appendix 2 sets out the scope of audit and inspection.

Appendix 3 provides information about the fees charged.

Appendix 4 is our statutory audit report on your best value performance plan.

Key messages

Comprehensive performance assessment

The council was rated as 'poor' through our comprehensive performance assessment in October 2003. Improvement needs were identified across the board, although for quality of service the council's strengths outweighed its weaknesses. We also noted that the council had recognised the need to change and that member and senior officer changes provided an opportunity to move forward.

From our review of the council's progress one year on, using key milestones in the recovery plan and comparisons with the CPA baseline position, we have concluded that progress to date has been slow. Nevertheless recent improvements are evident and the council is investing well for the future. Political and officer leadership of the council has been strengthened and this should help it to address its poor track record on strategic leadership.

The council has set out its long-term vision and is clearer about what it wants to achieve. This is articulated in the 2004/11 corporate plan – although the latter does omit some significant local and national priorities.

We have worked with the council and the ODPM lead official to help develop recovery plan projects and the way in which they are monitored. We anticipate that these investments will produce further improvements in the coming year.

Best Value Performance Plan (BVPP)

The BVPP is compliant with legislation and the accuracy of the best value performance indicators has improved since last year. As a result, our audit opinion on the BVPP is unqualified.

The council is committed to developing its performance monitoring arrangements. However, if it is to avoid qualification of its indicators in future years, the council must ensure that service departments are held accountable for delivering accurate best value performance indicators and that they provide adequate supporting working papers.

Accounts

We gave an unqualified opinion on the accounts on 30 November 2004. We also reported to leading members an unadjusted error of £250k arising from inaccuracies in the fixed asset register. The register and accounts should be updated in the current year.

Financial standing

The council's financial standing remains adequate. There have been no budget monitoring reports to members in the current year because of restructuring but officers indicate that revised estimates will be produced at the end of January. The process for reducing the projected budget gap and balancing the 2005/06 budget is on track.

Rent arrears are increasing and require close management.

Governance

In accordance with CIPFA guidance, and in common with other authorities, Torridge produced an interim statement of internal control with its 2003/04 financial statements. This recognised that not all of the necessary assurances had been operating throughout the year. The council is continuing to develop and embed risk management and there are a number of systems which exhibit weaknesses. Members need to monitor progress on this.

Action needed by the council

We have set out below specific action that we recommend is taken by the council.

- *Ensure that action is taken to share the findings of the progress assessment with staff and members and that the key findings are used as a basis for revising and driving forward the recovery plan.*
- *Ensure that service departments take full responsibility for the accuracy of PI data and that they provide adequate working papers to support the published indicators.*
- *Ensure that the fixed assets register is brought up-to-date and that the accounts are adjusted appropriately in 2004/05.*
- *Monitor closely progress on delivering robust budget monitoring information and the action taken on rent arrears.*
- *Monitor arrangements for producing a fully compliant statement on internal control for inclusion in the 2004/05 financial statements and the position in the weak system areas we have highlighted.*

Council performance

Comprehensive Performance Assessment (CPA)

Progress in addressing the weaknesses identified by CPA has been slow but recent improvements are evident and the council is investing well for the future. Strengthened political and officer leadership of the council should help it to address its poor track record on strategic leadership. The council has set out its long-term vision and the revised recovery plan provides a solid basis for future progress.

In October 2003 the Audit Commission published a CPA report about the council, which categorised it as 'poor'. The council responded promptly, producing a recovery plan of actions to address the CPA findings. The ODPM lead official set-up a monitoring group, which has been the focus for discussions between the council and regulators on progress being made by the council during the past year.

As part of our 2004/05 Audit Plan, and in line with guidance issued by the Audit Commission for poor councils, we have carried out a progress assessment (one year on) to review how the Council has progressed against the CPA judgements. We carried out our review in mid November 2004 and our findings are based on the information available to us at that date.

Progress to date has been slow but the council has shown recent improvement in a number of areas and is investing well for the future. The political and officer leadership of the council has been strengthened with the appointment of a new interim chief executive and with the formation of a majority administration. However political leadership is still fragile and lacks a strategic approach. Although significant progress has been made in the past few months the council's poor track record on strategic leadership has still to be overcome. Councillors and senior managers remain too involved in operational issues, which is slowing progress in this key area.

The council has set out a long-term vision and is now much clearer about what it wants to achieve. This is articulated in the council's corporate plan 2004-2011. However, some significant local and national priorities are omitted from the document and the council's approach to community leadership is still underdeveloped.

The council reacted positively to the findings of its CPA assessment and, with the help of consultants, quickly formed a recovery plan. Progress has been, however, initially slow and, until recently, there has been limited ownership of the plan. Also the plan did not include recovery proposals for poor performing services and the management and monitoring of individual projects has been inconsistent, resulting in a number of projects not meeting deadlines. Weaknesses in performance management further inhibit focus.

There are a number of corporate areas where the council has made limited progress. Weaknesses in performance and risk management and in the management of procurement still exist. Projects are underway to improve these areas and recent investments have been made.

The council is, however, strengthening and focusing its corporate capacity. The council's restructure provides a clearer focus on its priorities and increases staff resources in previously under-resourced and poor-performing areas such as planning, benefits and performance management. Improved leadership and direction, and completion of the restructure, is starting to raise staff moral.

Underdeveloped communications remains a major issue for the council. Until recently, members and staff have not been well informed on the overall progress of the council and its recovery plan and particularly on the progress of the early stages of the restructure. However this is being addressed as a specific project and has again shown improvement more recently. For example regular staff briefings and cascades now take place.

Internal working arrangements between officers and councillors are also improving. The culture of distrust and poor working relationships have been replaced by a more co-operative way of working. New HR policies, protocols and schemes of delegation are helping to strengthen this and to further clarify roles and responsibilities.

2003/04 performance indicators show that, overall, there has been a decline in service performance and customer satisfaction. Residents are generally less satisfied with council services than they were three years ago. Furthermore the council's performance has remained poor or has declined in many important areas such as administering housing benefits and processing planning applications. However, the council is aware of the poor performance and is now investing in these services. There have been improvements in the important areas such as waste management and recycling, and towards delivering affordable homes. The council's own, un-audited, performance information also shows some very recent improvements in housing benefits and planning. However, the council needs to demonstrate that these improvements are sustainable over the longer term.

The council has invested significantly in a number of corporate building blocks such as procurement and performance management, and significant resources are being directed at areas of weakness and areas of poor performing services. Although many of these investments are recent, tangible improvements are being made.

The council shows good self-awareness and has taken ownership of its problems. There is a developing culture of learning. A number of key plans are in place or developing and, although there is some work to do on integrating the council's corporate plans, the revised recovery plan addresses the weaknesses of the previous version.

We anticipate that in the coming year these investments by the council will produce further improvements and we will continue to work alongside the council and ODPM, facilitating progress where we can.

Relationship management/joint working

The Audit Commission has appointed relationship managers to all local authorities in England. Their primary responsibilities for 2004/05 are to:

- ensure that audit and inspection products are aligned to the council's improvement priorities;
- maintain an overview of progress made by the council in delivering improvement; and
- promote joint working between the council and local partners.

During 2004 a significant part of our time has been spent facilitating and promoting the joint Devon county-wide bid for capacity funding, attending CPA improvement planning meetings and workshops with officers and members, and liaising with the council over the scope of the inspections planned for 2005.

The office of the deputy prime minister (ODPM) has recently approved funding of £1.1 million for the Devon district councils to work in partnership with the county council, two unitaries, Dartmoor National Park, and Devon Fire and Rescue, across a range of shared priorities.

The council has submitted its own bid to the ODPM for capacity funding. It will be important for Torridge to maximise the potential benefit from this funding, and joint working, in order to deliver its challenging improvement agenda.

Throughout the year, we have worked closely with the council and the ODPM lead official to help develop recovery plan projects and the way in which they are monitored.

Restructuring

Phase one of the council's restructuring – covering the senior management team - took place in the first quarter of 2004. The new structure, which is intended to separate and focus more clearly strategic management of the council - consists of the Chief Executive and three Strategic Directors, supported by nine Heads of Service.

Phase two – restructuring of services - has been implemented subsequently in the year.

In July 2004 the then Chief Executive left. An interim Chief Executive was appointed in October 2004.

This period of change has inevitably been disruptive but now that the new structures are in place, and most appointments have been either made or advertised, there is evidence of improved morale, and the benefits of the new arrangements should become clearer from 2005.

Best Value Performance Plan (BVPP)

The BVPP is compliant with legislation and the accuracy of the best value performance indicators has improved since last year. Our audit opinion on the BVPP is unqualified.

In order to maintain this improvement, the council should ensure that service departments take full responsibility for the accuracy of PI data and that they provide adequate working papers to support the published indicators.

This year our audit involved two discrete but interlinked elements:

- compliance of the Best Value Performance Plan with statutory requirements; and
- assessing systems to produce and publish performance information.

BVPP compliance

The BVPP is considered compliant in all significant respects with legislative requirements.

Performance Information

Our statutory audit opinion on the council's BVPP has been qualified for the past two years because of the unreliability of its performance indicators. During 2003/04 the council has made some progress in strengthening its arrangements for collecting and presenting its best value performance indicators (BVPIs).

We carried out some early testing of the BVPIs in May 2004 and positive action was taken to address the matters raised.

We issued an unqualified audit opinion in the Statutory Report on your Best Value Performance Plan in December 2004 (attached).

However, the avoidance of qualification this year required considerable efforts by both internal and external audit. This will not be feasible in future years and therefore it is essential that service departments take full responsibility for the accuracy of PI data and that they provide adequate working papers to support the published indicators.

Follow-up of prior year recommendations

E-government

Responsibility for e-government strategy has now passed to the Head of Performance. A programme board was set-up in summer 2004. This meets every six to eight weeks and is chaired by the Chief Executive. The council's fourth IEG statement is currently being prepared.

We will review progress further in the New Year.

Risk management

During the first half of 2004 the Audit Commission carried out the last of a series of risk management workshops with officers and a further one with members.

Since then there has been only limited progress but embedding work is planned to be greatly extended in January 2005 with a series of 30 workshops across all council services to both capture the operational risks and to embed risk management with service managers.

Management of planning obligations

The review of the planning obligations process has been started but stalled in January 2004 due to restructuring. A new development control manager has been appointed from January 2005 and it is planned that she will take forward this work, with anticipated completion by March 2005.

Democratic renewal

Our recommendations have been substantially implemented, with all high and most medium priority recommendations actioned.

Accounts and governance

Audit of 2003/04 accounts

We gave an unqualified opinion on the accounts on 30 November 2004. We also reported to leading members an unadjusted error of £250k arising from inaccuracies in the fixed asset register. The register and accounts should be updated in the current year.

Audit of the financial statements

No material errors were identified during the audit of the accounts and an unqualified audit opinion was given on 30 November 2004.

We are required to report (by SAS 610) to those charged with governance certain matters which are relevant to our opinion on the accounts before we issue our opinion. The following matter was reported to leading members:

Unadjusted misstatement

Failure to maintain an accurate and up-to-date fixed asset register has resulted in a non-trifling misstatement in the accounts, with fixed assets estimated to be understated by £250,000. Management is unable to adjust the accounts because there is insufficient time to arrange valuation by an approved valuer to permit an accurate adjustment. The fixed assets register will therefore be brought up-to-date in the current year to ensure that fixed assets are correctly recorded in the 2004/05 accounts.

We identified a number of further amendments that were required to make the statements compliant with accounting disclosure requirements set out by CIPFA and free from misclassifications and omissions. These amendments were discussed and implemented with your officers.

Timely production of the accounts will become increasingly important over the next few years, as the deadline for completion is brought forward further still in line with the government's requirements. We carried out a short review and issued a report on this to officers in March 2004.

We will continue to work with the council to ensure that these tighter deadlines are met.

Financial standing

The council's financial standing remains adequate. There have been no budget monitoring reports to members in the current year because of restructuring but officers indicate that revised estimates will be produced at the end of January. The process for reducing the projected budget gap and balancing the 2005/06 budget is on track.

Rent arrears are increasing and require close management.

The council's financial standing remains adequate. It has a significant level of reserves and balances which total £3.1 million for the general, earmarked and other reserves combined. The Housing Revenue Account balance has increased by £0.3million to £0.7 million at 31 March 2004.

General fund spending and balances

The council's net revenue expenditure budget for 2003/04 was set at £10 million. The outturn for 2003/04 was £9.4 million, a net underspend of £0.6 million. The surplus at the year-end was used to increase the General Fund working balance from £1,304k, to £1,379k. This compares with the council's planned minimum working balance of £500k.

Housing Revenue Account (HRA)

The council's net expenditure on housing for 2003/04 produced a net surplus of £275k resulting in an end-of-year HRA balance of £733k.

Capital Expenditure

The council's General Fund capital programme actual expenditure in 2003/04 was £5.1 million compared with an estimate of £8.7million.

2004/05 forecast

The net revenue expenditure budget for 2004/05 was set at £10.3 million. Restructuring, and a new financial ledger, have meant that it has been difficult to produce budgetary reports and there have been no reports to members in the current year. However, officers have been monitoring spending and are confident that they

will be able to produce revised estimates at the end of January 2005. The HRA has expenditure budgeted at £5.7 million for 2004/05, with a planned surplus for the year of £121k.

2005/06

The recently announced settlement was a good one for the council. Since the October 2004 medium term financial plan was agreed the £1m 2005/06 budget gap has been substantially reduced, mainly through a combination of prioritisation and identifying savings. Officers are confident that the continuation of this process will produce an agreed balanced budget in the New Year.

Arrears recovery and collection performance

Council tax collection rates have increased slightly during the year and at 31 March 2004 arrears of council tax were £2,258k. Collection performance for council tax at Torridge is improving but remains slightly below the averages for both Devon Districts and Shire Districts nationally (exhibit 1).

Business rate arrears have also shown improvement against the position at 31 March 2004, reducing to £267k (£552k at 31 March 2003). Collection performance of business rates has improved - closing the gap with the average performance in both Devon and shire districts nationally (exhibit 1).

EXHIBIT 1

Collection performance

Collection of council tax and business rates	2003/04 %	2002/03 %
Council tax		
Torridge	97.2	97.1
Average of all Shire Districts	97.8	97.6
Average for Devon	97.7	97.9
Business rates		
Torridge	98.1	97.3
Average of all Shire Districts	98.6	98.5
Average for Devon	98.6	98.1

At 31 March 2004 the level of rent arrears (£210k) as a proportion of gross rent income totalled 4.39 per cent. This represents a deterioration from the previous financial year where, at 31 March 2003, the level of rent arrears (£176k) as a proportion of gross rent income totalled 3.67 per cent. The 2004 arrears are now more than double of the Audit Commission's good practice guideline of 2 per cent and need close management to secure improvement.

Systems of internal financial control

The overall control framework is adequate. However, we have identified several areas of potential concern that members should keep under review including internal audit, statement of internal control, IT systems, financial ledger/budgetary control, benefits systems and investment strategy.

Internal Audit

Internal Audit has been under-resourced during the past year. In addition, they have had to spend a good deal of time sorting out the authority's performance indicators.

As a result none of the core key financial system audits were completed by March 2004 and few were completed by July 2004. Following discussions with the Strategic Director of Resources these audits were completed in August 2004, in time to provide assurance for the statement of internal control. Nevertheless, it meant that we were unable to complete our interim audit work until later in the year.

Subsequently audit resources have been strengthened and it is planned to complete 2004/05 coverage earlier in the current year. This will be essential to provide assurance for members and chief officers signing the full statement of internal control (SIC) which comes into effect in 2004/05 (see below).

It is projected that the 2004/05 audit plan will not be fulfilled until 2005/06. In these circumstances it is recommended that a thorough assessment is undertaken to ensure that where full programmes of work were not been completed for 2003/04, and possibly not for 2004/05, the resulting increased risks are appropriately addressed.

Statement on Internal Control (SIC)

Regulation 4 of the Accounts and Audit Regulations (2003) requires audited bodies to conduct a review, at least once a year, of the effectiveness of its system of internal control and publish a SIC each year with the Authority's financial statements. We issued guidance to help the council develop arrangements in February 2004.

The first year when it is required to produce a SIC document was the 2003/04 financial year. However, CIPFA's guidance of April 2004 recognises the difficulty that many authorities would face in fully meeting the requirements of the Accounts and Audit Regulations and allows for transitional arrangements in 2003/04, with a more comprehensive SIC document from 2004/05.

The guidance requires the most senior officer and the most senior member to sign the SIC. They must be satisfied that the document is supported by reliable evidence and accurately reflects the internal control environment. It emphasises that the document is about all corporate controls and is not confined to financial issues.

In accordance with the CIPFA guidance, and in common with other authorities, Torridge produced an interim statement with its 2003/04 financial statements. This recognised that not all of the necessary assurances had been operating throughout the year. The council are continuing to develop its framework of assurance including risk management arrangements. Members need to monitor progress on this.

IT systems

The council has a major programme of system replacements taking place. In addition, the IT strategy needs revision, as we have highlighted previously.

However, the council has been without an IT Manager for eight months. We are pleased to note that an interim appointment has just been made but Members should ensure that the management of IT projects and operations is given appropriate priority.

We will be carrying out a more detailed review of the IT position early in the New Year.

Financial ledger

A new financial ledger system was put in place from April 2005. As noted above, there have been no budget monitoring reports to members to date in the current year, due mainly to the restructuring.

Members should monitor progress on delivering robust budget monitoring information, ensuring that appropriate resources are available to support this, if necessary.

Benefits

The BFI undertook an inspection in October 2004 which assessed Torridge's achievement against benefits standards. The final report has yet to be discussed and agreed. However, this is another area where Torridge has recruitment problems and it is evident that council has some way to go to meeting many of the standards being assessed. The Council is, nonetheless, applying additional resources in this area and is actively addressing the issues raised by BFI.

Investment strategy

The Local Government Act 2003 placed a new duty on local authorities to prepare and approve an investment strategy to complement existing treasury management policies. The Office of the Deputy Prime Minister (ODPM) issued guidance on 12 March 2004. The guidance indicates that if the strategy is not approved by members before 31 March 2004 then it should be approved as soon as possible after that date.

This direction has yet to be acted on by the council, with the consequence that no strategy is in place for the current year. It is recommended that the strategy should be incorporated into the treasury management policy for 2005/06.

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

We found that the council has adequate arrangements in place for the prevention and detection of fraud and corruption. Detailed testing of the arrangements is undertaken by internal audit.

Legality of transactions

We have not identified any significant weaknesses in the council's framework for ensuring the legality of its significant financial transactions. The monitoring officer has not brought any matters to our attention during the year.

We have dealt with correspondence from electors and have raised relevant issues with officers. There are no matters which we wish to bring to the attention of members.

Other work**Grant claims**

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

The most significant claims relate to housing subsidy, housing benefit and national non-domestic rates returns. Individually these are significant pieces of work for which the auditing requirements, and hence the cost, can alter significantly between years.

The Commission is now promoting the audit of these claims to be carried out with more input from internal audit, in order that fees can be kept at an acceptable level. We will be working with the council to determine how this can best be achieved, within their overall work plan.

National fraud initiative

The council took part in the Audit Commission's national fraud initiative (NFI) 2002/03. The NFI, which is undertaken every two years, brings together data from local authorities, NHS bodies, government departments and other agencies, to detect a wide range of frauds against the public sector. Total savings from the 2002/03 exercise exceeded £83 million nationally.

While Torridge had only two cases of overpayment, the exercise did, nevertheless, provided positive assurance about the validity of system payments.

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

Looking forwards

Future audit and inspection work

We have an agreed plan for 2004/05 and we have reported in this letter those significant aspects that have already been completed, ie our review of your 2004/05 Best Value Performance Plan.

The main elements of audit work remaining to be completed in 2004/05 are:

- IT audit review;
- Housing inspection;
- Planning inspection;
- review of financial aspects of corporate governance (interim audit); and
- accounts audit.

These remaining elements of the 2004/05 audit plan will be reported in next year's Annual Audit Letter.

We will seek to ensure, wherever possible, that our work relates to the improvement priorities of Torridge District Council when planning our programme of work for 2005/06.

Revision to the Code of Audit Practice

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

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

Further details will be provided in the audit and inspection plan 2005/06.

Closing remarks

This letter has been discussed and agreed with officers. A copy of the letter will be presented to members on 17 January 2005.

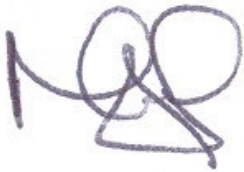
Finally, we would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. We recognise the positive and constructive approach to our audit work. Our aim is to deliver a high standard of audit which makes a positive and practical contribution which supports the council's own agenda. We recognise the value of your co-operation and support.

Availability of this letter

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



Peter Lawrence
District Auditor



Malcolm Coe
Relationship Manager

23 December 2004

Status of our reports to the council

Our annual audit and inspection letter is prepared in the context of the statement of responsibilities of auditors and audited bodies issued by the Audit Commission. Annual audit and inspection letters are prepared by relationship managers and appointed auditors and addressed to members and officers. They are prepared for the sole use of the audited and inspected body, and no responsibility is taken by the Audit Commission or its appointed auditors to any member or officer in their individual capacity, or to any third party.

Reports issued during 2003/04

Report	Date issued
Audit and inspection plan 2002/04	September 2003 (updated)
Statement of internal control guidance	February 2004
Final Accounts 2002/03	March 2004
Early closedown discussion document	March 2004
Review of best value performance indicators – interim report	March 2004
Audit and inspection plan 2004/05	July 2004
Audit opinion and certificate on 2003/04 accounts	November 2004
SAS 610 report on the 2003/04 accounts	November 2004
Progress assessment report	December 2004
Audit of 2004/05 BVPP and best value performance indicators	December 2004
Corporate governance, internal audit and core processes	December 2004
Final accounts memo	December 2004
Prudential code	December 2004
Audit and inspection letter	December 2004

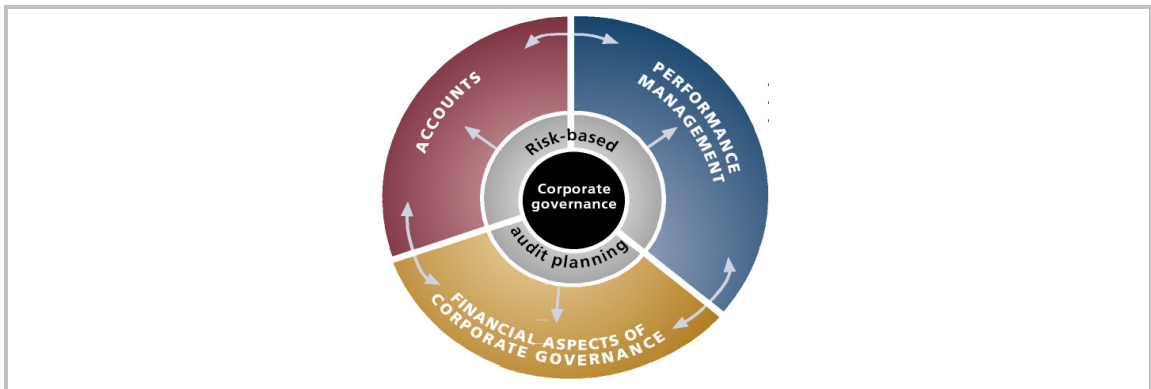
Scope of audit and inspection

Audit

Our main objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the code of audit practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on your significant financial and operational risks that are relevant to our audit responsibilities.

Central to our audit are your corporate governance arrangements. Our audit is then structured around the three elements of our responsibilities as set out in the Code and shown in Exhibit 2.

EXHIBIT 2 THE THREE MAIN ELEMENTS OF OUR AUDIT OBJECTIVES



Accounts

- Opinion.

Financial aspects of corporate governance

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

Performance management

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

Inspection

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

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

The Audit Commission has circulated to all audited bodies a statement that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement. What we say about the results of our audit should be viewed in the context of that more formal background.

Audit and inspection fee

Audit fee update

Audit area	Actual 2002/04 £
Accounts	39,200
Financial aspects of corporate governance	41,000
Performance	39,000
Inspection	15,800
TOTAL CODE OF AUDIT PRACTICE FEE	135,000
Risk management workshops (section 35 work)	12,000
Grant Claim certification	32,000

Members should note that in order to bring the Audit Commission financial year in line with that of the council, our audit plan covered the period from November 2002 to March 2004. The fee for the 2002/04 audit of £135,000 was set out in our audit plan agreed at the start of the audit. We have reassessed the work required to complete this audit plan and confirm that the original audit fee is still appropriate.

In addition to the Code of Audit Practice Fee, a fee of £12,000 was charged for risk management workshops, while work on certification of grant claims relating to the 2002/04 period amounted to £32,000 as at the end of November 2004.

Auditor's statutory report on the Best Value Performance Plan (BVPP)

Auditor's report to Torridge District Council on its BVPP for 2004/05

Certificate

I certify that I have audited Torridge District Council's best value performance plan in accordance with section 7 of the Local Government Act 1999 (the Act) and the Audit Commission's Code of Audit Practice (the Code). I also had regard to supplementary guidance issued by the Audit Commission.

Respective responsibilities of the council and the auditor

Under the Act the council is required to prepare and publish a BVPP summarising the council's assessments of its performance and position in relation to its statutory duty to make arrangements to secure continuous improvement to the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The council is responsible for the preparation of the plan and for the information and assessments set out within it. The council is also responsible for establishing appropriate performance management and internal control systems from which the information and assessments in its plan are derived. The form and content of the BVPP are prescribed in section 6 of the Act and statutory guidance issued by the government.

As the council's auditor, I am required under section 7 of the Act to carry out an audit of the BVPP, to certify that I have done so, and:

- to report whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Act and statutory guidance and, where appropriate, recommending how the plan should be amended so as to accord with statutory requirements;
- to recommend:
 - where appropriate, procedures to be followed in relation to the plan;
 - whether the Audit Commission should carry out a best value inspection of the council under section 10 of the Act; and
 - whether the Secretary of State should give a direction under section 15 of the Act.

Opinion

Basis of this opinion

For the purpose of forming my opinion whether the plan was prepared and published in accordance with the legislation and with regard to statutory guidance, I conducted my audit in accordance with the Code. In carrying out my audit work, I also had regard to supplementary guidance issued by the Audit Commission.

I planned and performed my work so as to obtain all the information and explanations, which I considered necessary in order to provide an opinion on whether the plan has been prepared and published in accordance with statutory requirements.

In giving my opinion I am not required to form a view on the completeness or accuracy of the information or the realism and achievability of the assessments published by the council. My work therefore comprised a review and assessment of the plan and, where appropriate, examination on a test basis of relevant evidence, sufficient to satisfy me that the plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the plan complied with the requirements of the legislation and statutory guidance.

Where I have qualified my audit opinion on the plan I am required to recommend how the plan should be amended so as to comply in all significant respects with the legislation and statutory guidance.

Opinion

In my opinion, Torridge District Council has prepared and published its BVPP in all significant respects in accordance with section 6 of the Act and statutory guidance issued by the government.

Recommendations on procedures followed in relation to the plan

Where appropriate, I am required to recommend the procedures to be followed by the council in relation to the plan. On this occasion I have no recommendations to make.

Recommendations on referral to the Audit Commission/Secretary of State

I am required each year to recommend whether, on the basis of my audit work, the Audit Commission should carry out a best value inspection of the council or whether the Secretary of State should give a direction.

On the basis of my work:

- I do not recommend that the Audit Commission should carry out a best value inspection of Torridge District Council under section 10 of the Act; and
- I do not recommend that the Secretary of State should give a direction under section 15 of the Act.



Peter Lawrence
District Auditor
December 2004