

Audit and Inspection Annual Letter

Torridge District Council

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- Auditor's Statutory Report on the Best Value Performance Plan

Reference:	Torridge AIAL - Final .doc
Authors:	Alun Williams, District Auditor Malcolm Coe, Relationship Manager Steve Brown, Audit Manager
Date:	31 December 2003

Key messages

The key messages contained in this Letter are summarised below and overleaf:

Comprehensive Performance Assessment (CPA)

Torridge's CPA concluded that it was a poor council. However, the report noted that the Council had recognised the need to change and, with a new Chief Executive and a change in administration, now had the opportunity to do so.

The Council faces a demanding agenda but has made a good start. Early progress has been achieved in developing a range of projects to strengthen the Council's management. These have been brought together in a draft recovery plan. Capacity remains a key issue but the Council is pursuing initiatives to help address this.

Best value and performance information

The Best Value Performance Plan (BVPP) complied in most significant respects with legislation and statutory guidance. We have, however, made a statutory recommendation to improve compliance and the effectiveness of the document.

The quality of performance information produced remained poor and therefore we have issued an 'except for' qualified opinion on the BVPP and a statutory recommendation (appendix 2).

Torridge needs to establish strong corporate arrangements to ensure the correctness of its PIs and needs to ensure that individuals are held accountable for preparing PIs that are accurate and that comply with the appropriate Directions.

Implementing electronic service delivery

The Council fell behind in its preparations for e-government during 2002. In recent months, however, it has refocused its efforts.

The third annual IEG statement was submitted to ODPM in November 2003 and consultants have been used to help develop this element of the Council's recovery plan.

Risk management

A series of risk management workshops have been held with officers and Members to help Torridge develop its risk management approach. A final workshop in the present series will be held early in the New Year. The next challenge will be to develop arrangements further and to embed them in the culture of the Council.

Financial standing

The Council faces some difficult budget choices over the next few years but is adopting a priority-based approach to its decisions. Balances will be reduced to a minimum which will require careful planning to satisfy the Prudential Code. Collection rates are improving.

Systems of internal financial control

Internal financial control remains adequate but weaknesses remain to be addressed. The Council needs to ensure that Internal Audit resources are maintained and are focussed on key requirements to support the Statement of Internal Control. Other key controls upon which reliance is placed should also be identified and maintained. The IT security policy still needs updating

Standards

The Council has an adequate framework in place for preventing fraud and corruption. Internal audit should review progress in strengthening this in the current year.

Legality

There were no significant issues arising regarding the legality of financial transactions. We have dealt with questions from local electors. There are no matters arising.

Accounts

We are satisfied that the core processes involved in the production of the financial statements are generally operating effectively.

Our audit of your 2002/03 financial statements is complete and we issued an unqualified opinion and certificate on 23 December 2003.

The purpose of this Letter

This is our first joint audit and inspection 'Annual Letter' for Members which incorporates our Annual Audit Letter, and is presented by the Council's Relationship Manager and District Auditor. The letter summarises the conclusions and significant issues arising from our 2002/03 audit and inspection programme and comments on other current issues.

We have issued separate reports during the year having completed specific aspects of our programme. These reports are listed at Appendix 1 for information.

Auditors' responsibilities are summarised in the Audit Commission's statement of key responsibilities of auditors. The responsibilities of Audit Commission Inspectors are detailed in section 10 of the Local Government Act 1999 (the Act). What we say in this Letter should be viewed in the context of that more formal background.

Background to the audit and inspection programme

To ensure that Councils receive a tailored seamless service, integrated with the work of other inspectorates, the Audit Commission has appointed a Relationship Manager for each Council. The Relationship Manager is the Commission's primary point of contact with you and is also the interface between the Commission and the other inspectorates, Government Office and other key stakeholders.

Our current audit and inspection programme, which spans two financial years (2002/03-2003/04), has been dominated by our comprehensive performance assessment of the Council in June 2003 (reported October 2003).

Following on from the assessment, which makes an overall judgement of the Council's performance, Torridge has engaged with the ODPM, IDeA, and the Audit Commission in developing a programme of improvement (your recovery plan).

Objectives of audit and inspection

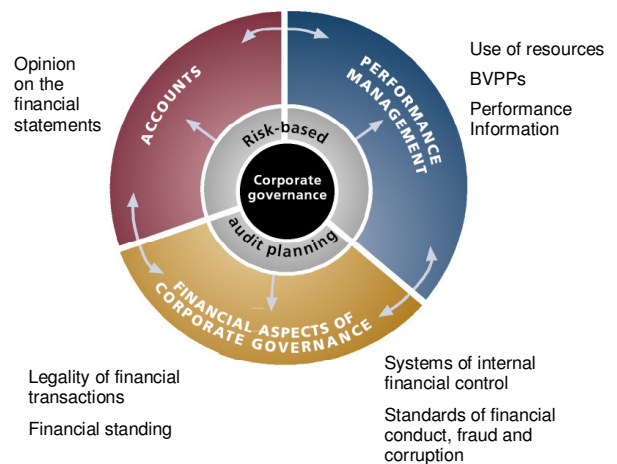
Audit

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

Central to our audit are your corporate governance arrangements. Our audit is then structured around the three elements of our responsibilities as set out in the Code and shown in Exhibit 1.

EXHIBIT 1

The three main elements of the audit



Inspection

Inspection work is based around section 10 of the Act, 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
- identify failing services where remedial action may be necessary.

Council performance

Torrige's CPA concluded that it was a poor council. However, the report noted that the Council had recognised the need to change and, with a new Chief Executive and a change in administration, now had the opportunity to do so.

The Council faces a demanding agenda but has made a good start. Early progress has been achieved in developing a range of projects to strengthen the Council's management. These have been brought together in a draft recovery plan. Capacity remains a key issue but the Council is pursuing initiatives to help address this.

Comprehensive Performance Assessment (CPA)

A Comprehensive Performance Assessment was carried out as the first step in the wider improvement agenda set out in the local government White Paper 'Strong Local Leadership: Quality Public Services'. The White Paper encouraged greater focus on improved services for local people by freeing good councils from central government controls and restrictions, and providing poorer councils with greater, and better focused, support for improvement.

CPA assesses each Council's performance and management arrangements. Torrige was reviewed alongside other Devon districts during June 2003.

The main elements of the assessment were:

- a self-assessment completed by the Council
- accredited peer challenge to inform the Council's self-assessment
- a corporate assessment of the Council's overall effectiveness in supporting services to deliver improvements
- an assessment of the Council's service delivery performance through two diagnostic assessments on:
 - management of public space;
 - progress in meeting the decent homes standard
- appointed auditor assessments of performance on each of the main elements of the Code
- Benefit Fraud Inspectorate's (BFI) assessment of benefit services
- audited performance indicators, inspection reports and plan assessments.

Torrige was assessed as poor with many significant and long-standing weaknesses. However, the report noted that the Council had recognised the need to change and now, with a new Chief Executive and a change in administration, had the opportunity to do so.

While the agenda is demanding, the Council has been quick to respond to the challenge to improve.

Following the elections, the council quickly established working groups of councillors and staff to develop plans for tackling key weaknesses, and established timescales for delivering recommendations. Significant progress has also been made in producing a corporate plan and community strategy and in developing performance management arrangements. A service planning framework has been put in place that links service priorities to community plan priorities and ultimately to the staff appraisal system.

Capacity remains a key issue for Torrige. This is also an issue for other Devon authorities and the Council is, in part, looking to develop county-wide solutions in partnership with the ODPM.

As a poor Council, the primary onus for monitoring Torridge's recovery programme rests with the ODPM Lead Official. He has established a Monitoring Group, including Councillors and regulators, to help do this. A draft recovery plan has been agreed and this will be finalised in the coming months.

Our aims are to support the Council in delivering its recovery plan and to monitor the progress being achieved, while helping to ensure that everyday controls and service delivery are not neglected. Our 2004/05 audit programme will be developed with these aims in mind.

Best Value

The Best Value Performance Plan (BVPP) complied in most significant respects with legislation and statutory guidance. We have, however, made a statutory recommendation to improve compliance and the effectiveness of the document.

The quality of performance information produced remained poor and therefore we have issued an 'except for' qualified opinion on the BVPP and a statutory recommendation (appendix 2).

Torridge needs to establish strong corporate arrangements to ensure the correctness of its PIs and needs to ensure that individuals are held accountable for preparing PIs that are accurate and that comply with the appropriate Directions.

The Best Value Performance Plan (BVPP) complied in most significant respects with legislation and statutory guidance. However, there were areas where compliance should be improved and there has been limited progress in taking forward last year's recommendations

This year, also, we undertook a qualitative review of the Plan and have, as a result, made further recommendations to strengthen its effectiveness. A statutory recommendation has been included in the audit opinion covering these matters (appendix 2).

Performance information

The main issue arising from the audit is again the reliability of performance indicators. We identified a significant number of errors, and Internal Audit also identified errors in the originally published PIs.

In addition the number of PIs with significant system weaknesses or omitted at 18% (after correcting errors and republishing the relevant PIs) exceeded the threshold for qualification. We have therefore issued an 'except for' qualified opinion (appendix 2).

This is disappointing, given that we qualified our opinion and reported on this issue at last year's BVPI audit.

Torridge needs to establish strong corporate arrangements to ensure the correctness of its PIs and needs to ensure that individuals are held accountable for preparing PIs that are accurate and that comply with the appropriate directions.

Implementing electronic service delivery

The Council fell behind in its preparations for e-government during 2002. In recent months, however, it has refocused its efforts. The third annual IEG statement was submitted to ODPM in November 2003 and consultants have been used to help develop this element of the Council's recovery plan.

In March 1999 the Government produced a white paper, 'Modernising Government', which included a new package of reforms and targets.

The intention was that by 2002, 25 per cent of dealings with Government, including local government and the NHS, should be capable of being conducted by the public electronically, with 100 per cent of dealings capable of electronic delivery by 2005.

Our review of Council progress in this area was issued early in 2003. The action plan details were agreed in May 2003.

The report noted that progress had been delayed during 2002, not least by the departure of the previous IT manager. This led to much of the programme laid out in the first IEG statement (October 2001) still being outstanding a year later. However, the report also noted that the pace of e-government had quickened since the arrival of the new IT manager in late summer 2002. The consensus within the Council was that better progress was now being made.

Our review included a comparative assessment of progress being made by Councils in the South West, using a scoring system. Torridge scored 83 out of a maximum potential score of 201.

This compared with an average score for District Councils in Devon and Cornwall during 2001 of 90.

This confirmed that the Council was behind the progress being made by its peers - particularly as it was being compared with scores achieved nearly a year previously by other councils, who would have been expected to have made further progress in the meantime.

We underlined the need for continuing emphasis on and attention to E-government projects, identifying the key issues for the Council as being:

- to ensure stakeholders are aware of the fundamental impact e-government will have on how the Council works
- to link e-government to corporate strategy, Best Value and CPA
- to define its programme of e-government supported service developments
- to use appropriate programme and project management to control its programme
- to ensure resources and programme requirements are matched
- to monitor progress carefully.

The action plan included with our report listed 17 detailed recommendations.

In September 2003 progress on the recommendations was revisited by internal audit in the light of a refocusing of the E-government effort. Some target dates were revised and recommendations re-prioritised, while others were considered to have been addressed.

Consultants have been employed to help develop the E-government element of Torridge's recovery plan and the Council's third annual IEG statement was submitted to the ODPM in November 2003.

We will continue to monitor progress in delivering the e-government agenda.

Risk management

A series of risk management workshops have been held with officers and Members to help Torridge develop its risk management approach. A final workshop in the present series will be held early in the New Year.

The next challenge will be to develop arrangements further and to embed them in the culture of the Council.

Good risk management is necessary in all organisations. Successful risk management can make an authority more flexible and responsive to new pressures and external demands. It allows them to be better able to deliver services and to meet the needs and expectations of its community in what is a fast changing and dynamic environment. Real benefits can result from effective risk identification, analysis and management.

For risk management to become fully effective and integrated within the organisation the Authority needs to:

- raise the level of awareness within the organisation of the importance of risk management;
- establish mechanisms for the identification, prioritisation and management of risk; and
- integrate these mechanisms into existing management processes.

Torridge has been working with our Regional Improvement Team, through a series of facilitated workshops, to strengthen its corporate governance by developing a risk strategy and management arrangements.

The work began with an overall assessment of Torridge's corporate governance arrangements against the model for local authorities produced by CIPFA and SOLACE. This workshop, for chief officers and members, identified particular issues for Torridge and proposed possible solutions.

Two further workshops have addressed risk management itself. The first workshop developed an action plan for implementing Torridge's risk management strategy. The second workshop began to apply the strategy by identifying and evaluating the council's key risks to achieving its corporate goals and objectives.

The remaining workshop, to be held early in the New Year, will focus on developing an action plan for Torridge to deal with its identified risks.

This will involve

- confirming the existing risk control measures
- determining any additional risk control measures needed
- identifying the responsibilities, resources and monitoring arrangements to ensure that the measures are effective.

Follow-up of prior year recommendations

Management of planning obligations

These recommendations have not yet been actioned due to 'other priorities in absence of full staffing'. The implementation date has been extended to January 2004.

Democratic renewal

The majority of these recommendations are either linked to the constitution review or are not due for implementation until the end of the year.

Financial aspects of corporate governance

CPA auditor assessments

As part of the CPA process we assessed the Council against the main elements of the Code of Audit Practice. We discussed our conclusions with officers and reported the outcomes in June 2003.

These are summarised in exhibit 2.

EXHIBIT 2

Summary of CPA auditor assessments

Code area	Grade
Financial standing	3
Internal financial control (including risk management)	2
Standards of financial conduct and the prevention and detection of fraud and corruption	3
Financial statements	3
Legality of significant financial transactions	3

Scoring key:

1 = inadequate

2 = adequate overall but with some weaknesses

3 = adequate

4 = better than adequate

At the end of 2003 internal audit had not completed their planned work and therefore we deferred our systems audit and review of internal audit until our final accounts visit. This work will therefore be reported with the final accounts work.

Other FACG elements were covered by the CPA assessment work and where appropriate have been updated subsequently as below.

Financial standing

The Council faces some difficult budget choices over the next few years but is adopting a priority-based approach to its decisions. Balances will be reduced to a minimum which will require careful planning to satisfy the Prudential Code. Collection rates are improving.

The Council's budgeted General Fund expenditure for 2002/03 was £7.1 million. The outturn for 2002/03 was £6.6 million. All services underspent, with the exception of Housing Services which exceeded planned net expenditure, due mainly to a reduction in Housing Benefit subsidy.

This has helped maintain the General Fund balance, which at 31 March 2003 was £1,304,000, compared with a budgeted £879,000. In the current year, the Council's revenue budget monitoring for the first quarter indicates that spending is broadly on track.

The Council's medium term financial strategy shows there will be some difficult budget decisions in the years ahead and anticipates reducing balances to a minimum level. This will require careful planning in accordance with the requirements of the Prudential Code.

The proposed grant settlement for Torridge - a 4.9% increase over 2003-04 - is better than feared. Nevertheless, the Council needs to find in the order of £0.9m savings to balance the 2004/05 budget. In the current budget-setting round the Council is taking a priority-based approach to determining how it should balance the 2004/05 budget.

Total arrears at 31 March 2003 were £2.7m (council tax, NNDR and sundry debts). Collection rates were badly affected by the upheaval when the revenues service was returned in-house from an external provider in 2001. However, collection rates have now significantly improved and during 2002/03 were higher than the local targets set - except for 2002/03 council tax arrears, which was marginally under target. At the mid point of the current year both local and national targets were being exceeded.

Systems of internal financial control

Internal financial control remains adequate but weaknesses remain to be addressed. The Council needs to ensure that Internal Audit resources are maintained and are focussed on key requirements to support the Statement of Internal Control. Other key controls upon which reliance is placed should also be identified and maintained.

The IT security policy still needs updating

As noted above, Internal Audit was under strength for part of 2002/03 with the result that not all high risk systems had been reviewed or tested by the year-end. It is important that audit resources are maintained and are focussed on the key requirements to support the Statement of Internal Control in the future.

We welcome the fact that the Internal Audit and IT functions have been split in the current year. This should help to ensure that there is no conflict of interest and that there is a clear focus in each service.

Internal Audit have taken responsibility for monitoring the action taken in response to recommendations by external audit or other regulators. Our 2001/02 reports on various topics contained a large number of recommendations in action plans which had been agreed with officers. In September 2003 it was reported to Policy and Resources that 26 of these had been due for implementation by the end of August but 11 remained outstanding. Fresh implementation dates were then agreed.

One of the more important recommendations in relation to systems of control related to reconciliations and their monitoring by senior management. It is essential that these controls are maintained as they, together the work done by internal audit, provide the assurance that enables the Head of Financial Services to sign the Statement of Internal Financial Control.

We will shortly be issuing some guidance to help the Council meet the more exacting requirements for Statements of Internal Control in 2003/04

The Council's IT security policy remains in need of updating.

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

The Council has an adequate framework in place for preventing fraud and corruption. Internal audit should review progress in strengthening this in the current year.

Since our last Audit Letter the Council has taken steps to close some of the gaps that existed in the framework eg a whistle-blowing and anti-fraud policy was reissued earlier this year.

Benefits anti-fraud arrangements are well regarded. Once again, however, maintenance of the framework is reliant, in part, upon having an adequate internal audit resource.

Internal Audit should review the progress achieved in strengthening the overall framework in the current year.

National Fraud Initiative (NFI)

The NFI is the Audit Commission's data matching exercise. Its main aim is to help identify and reduce housing benefit fraud, occupational pension fraud, tenancy fraud and payroll fraud. The NFI is carried out every two years and data matches were provided to you during 2003.

Output from the Audit Commission has been actively pursued by the Council and all potential matches have been reviewed. Only two cases of overpayment were identified, with recovered overpayments and sanctions totalling £3,200. The exercise has, nevertheless, provided positive assurance about the validity of system payments.

Legality of transactions

There were no significant issues arising regarding the legality of financial transactions. We have dealt with questions from local electors. There are no matters arising.

We assessed the Council's overall arrangements for ensuring the legality of transactions with financial consequences and concluded that adequate arrangements are in place.

The roles of the Monitoring Officer and section 151 officer are to be strengthened and more widely publicised, in accordance with our recommendations, as part of the constitution revisions and restructuring which are in hand.

During the year we have also dealt with questions from local electors and have worked with the Council to help ensure compliance with legislative requirements in areas of complexity.

Prudential and treasury management codes

The prudential code for capital investment by local government is expected to be implemented at all local authorities in England from 1 April 2004.

This will replace the present complex regulatory framework with a new system based largely on self regulation by local authorities.

We note that the Council adopted new Treasury Management Code arrangements earlier this year. However, it has still to develop the practices set out in part 7 of the code.

We will monitor your progress in implementing the prudential code and developing your treasury management arrangements.

Audit assurance work

Review of core processes

We are satisfied that the core processes involved in the production of the financial statements are generally operating effectively.

To assess the basis upon which the accounts are prepared we examined the Council's core processes. We reviewed:

- the main accounting system
- budgetary control process
- the year-end closedown programme.

We concluded that core processes were soundly based and were unlikely to lead to any material mis-statement in the financial statements.

Accounts

Our audit of your 2002/03 financial statements is complete and we issued an unqualified opinion and certificate on 23 December 2003.

Our audit of your financial statements was again facilitated by the co-operation extended by your staff. The audit is complete and we issued an unqualified opinion and certificate on 23 December 2003. There are no issues arising from the accounts audit that require the attention of Members.

Earlier in the year we held a final accounts workshop for all councils in the South West to highlight this year's key audit issues. A representative from the Council's accountancy section attended this workshop. We will be holding a similar event in 2004 to share good practice.

Preparations for Whole of Government Accounts (WGA)

Under the accounts and audit regulations 2003, the accounts approval deadline will be brought forward progressively by one month for each financial year over the next three years.

This will permit, eventually, commercial-style accounts to be prepared covering the whole of the public sector. Arrangements are already under way for a set of audited and published Central Government Accounts. The first published WGA is expected in 2006/07.

The introduction of new consolidation processes, standardized accounting policies, and intra-government balance agreement procedures are likely to represent a significant challenge over the next three years for all Authorities.

We will continue to monitor this agenda and report any issues to Members as appropriate.

Audit and inspection fees

The Audit Commission’s Standing Guidance for Auditors requires auditors to communicate to those charged with governance a breakdown of fee income – over the three Code elements plus all non-audit work and certification work – at the completion of the audit.

Members should note that in order to bring the Audit Commission financial year in line with the local authorities, the current plan covers the period from November 2002 to March 2004. In this time we will deliver two statutory audits and two Annual Audit Letters.

Exhibit 3 sets out a breakdown of the audit fee over the various headings. At this stage we do not anticipate any variations from the agreed fee.

EXHIBIT 3

Combined Audit Fee for 2002/03 and 2003/04

Audit area	£
Accounts	39,200
Financial aspects of corporate governance (incl CPA element)	41,000
Performance (incl BV)	39,000
Total Code of Audit Practice Fee	119,200
Inspection (note 1).	15,800
Total Audit & Inspection Fee	135,000
Risk management workshops (section 35 work)	10,000

(Note 1) Inspection fees are net of ODPM grant received.

In addition to the total fee above, we are required to certify your government grant claims and returns, for which we must charge the actual time taken at skill related fee rates. This fee varies depending on the number of claims received each, their complexity and the quality of the supporting working papers.

Future audit work and inspection

Our audit and inspection programme for 2003/04 is included in the 2002-04 plan. A key part of our work will be to work with the Council and the ODPM to help Torridge realise the goals of its recovery plan.

During the first quarter of 2004 we will be planning the 2004/05 programme with officers. This will be again be closely linked to your recovery plan priorities.

Future audit and inspection programmes will be structured across the following themes:

- Improvement
- Assessment
- Assurance.

In Torridge’s case, in the immediate future, we expect that our improvement work will be closely linked to your recovery priorities.

Status of our Audit and Inspection Annual Letter

Our Annual Letter is prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. The Letter is prepared by the Relationship Manager and appointed auditor and is addressed to Members and officers. It is 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.

Closing remarks

This Letter was discussed and agreed with the Chief Executive and officers of the Management Team on 15 December 2003. A copy of the Letter will be provided to all Members and will be presented to Policy and Resources Committee on 2 February 2004.

Finally, I would like to take this opportunity to express my appreciation for the assistance and cooperation provided during the course of the work. Our aim is to deliver a high standard of audit and inspection which makes a positive and practical contribution which supports the Council's improvement agenda. We recognise the value of your cooperation and support.



Alun Williams, District Auditor
Malcolm Coe, Relationship Manager

31 December 2003

Audit and inspection reports issued during 2003

Topic	Date
Implementing Electronic Service Delivery	May 2003 (action plan completed)
Risk Management Workshops & Outputs	April 2003 – January 2004
CPA Auditor Assessment	June 2003
CPA inspection report.	September 2003
Audit plan.	Updated Sept 2003 (post CPA)
Audit of BVPIs	December 2003
BVPP Compliance and Qualitative Assessment	December 2003
Audit of the financial statements.	Jan 2004
Governance, Internal Audit and core processes (where not covered by CPA Auditor Assessment)	Jan 2004

Auditor's statutory report on the Best Value Performance Plan

Auditor's report to Torridge District Council on its Best Value Performance Plan for 2003/04

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. 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 best value performance plan 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 best value performance plan 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 best value performance plan, 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 Audit Commission's Code of Audit Practice. 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 best value performance plan in all significant respects in accordance with section 6 of the Local Government Act 1999 and statutory guidance issued by the Government except that:

- testing of the 2001/2002 performance information revealed a significant level of errors and uncertainties.

We therefore recommend that the Plan should be amended in these respects, for it to be in accordance with statutory requirements.

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.

For the purpose of making my recommendations, I conducted my audit in accordance with the Audit Commission's Code of Audit Practice. 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 that I considered necessary in order to enable me to determine whether or not to make recommendations in this report on the matters that came to my attention during the audit. However, my work cannot be relied upon to identify every weakness or opportunity for improvement. In particular, it has not necessarily covered the same areas as a best value inspection.

For this purpose, my audit included a review and assessment, and where appropriate, examination on a test basis of evidence relevant to the adequacy of the systems set in place by the Council for collecting and recording specified performance information; and the testing of specific performance indicators.

Recommendations

On the basis of our audit work, we consider that the matters set out below should be brought to your attention:

The Council's arrangements for the production of complete and accurate performance information require strengthening. We recommend that strong corporate arrangements are established to ensure the correctness of PIs and the accountability of individuals for preparing PIs that are accurate and that comply with the appropriate Directions.

The BVPP should be strengthened in accordance with our recommendations to:

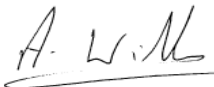
- ensure that it is wholly compliant with statutory requirements
- develop its qualitative features to demonstrate more clearly, for example, achievements and non-achievements, and the impact of implemented changes.

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.
- I do not recommend that the Secretary of State should give a direction under section 15 of the Act.

Signature**Date 31 December 2003**