

Annual Governance Report

September 2007



Annual Governance Report

North Hertfordshire District Council

Audit 2006/07

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

any director/member or officer in their individual capacity; or
any third party.

Copies of this report

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Purpose of this document

- 1 In accordance with the Audit Commission's Code of Audit Practice (the Code), this report provides a summary of the work we have carried out during our 2006/07 audit of accounts, the conclusions we have reached and the recommendations we have made to discharge our statutory audit responsibilities to those charged with governance; in this case the Performance, Audit and Review Committee (PARC) at the time they are considering the financial statements.
- 2 In preparing our report, the Code requires us to comply with the requirements of International Standards on Auditing (United Kingdom and Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance', by reporting to you matters relating to the audit of the financial statements. Other auditing standards require us to communicate with you in other specific circumstances including:
 - where we suspect or detect fraud;
 - where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
 - non-compliance with legislative or regulatory requirements and related authorities.
- 3 We are also required to communicate to you the Audit Commission's requirements in respect of independence and objectivity, and these are set out at Appendix 2.
- 4 This report has been amended following presentation to PARC on 13 September 2007. Members have:
 - considered the matters raised in the report before the financial statements are approved; and
 - approved the representation letter on behalf of the Authority and those charged with governance before we issue our opinion.
- 5 Our work during the year was performed in line with the plan that we presented to you on 22 June 2006. We have issued separate reports during the year having completed specific aspects of our programme, which are listed in Appendix 3.

Key messages

- 6 Our work on the financial statements is complete.
- 7 We will be issuing an unqualified audit opinion on 25 September 2007 (a report is attached at Appendix 4).
- 8 In our view, the Statement on Internal Control (SIC) has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit.
- 9 Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is complete. We will be issuing an unqualified conclusion on the use of resources on 20 September 2007 (a report is attached at Appendix 4).

Audit status

- 10 At the date of issue of this updated report our detailed audit is complete.
- 11 The Authority has taken a positive and constructive approach to our audit and we would like to take this opportunity to express our appreciation for the Authority's assistance and co-operation.

Accounts and Statement on Internal Control

- 12 Our work on the financial statements is complete.
- 13 Auditors are required to obtain written confirmation of certain representations from management and those charged with governance before an audit report is issued, such as acknowledgement of responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework and responsibility for the design and implementation of internal control to prevent and detect error.
- 14 The auditor should also obtain written representations from management on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist.
- 15 The final draft of the letter of representation has been attached as Appendix 5.

Unadjusted misstatements

- 16 We are required to report to you all unadjusted misstatements that we have identified during the course of our audit, other than those that are clearly trivial. There are no unadjusted misstatements for us to bring to the attention of members.

Adjustments to the financial statements

- 17 We are also required to bring to your attention misstatements that have already been corrected by management where we consider them relevant to your wider governance responsibilities. These are recorded in full at Appendix 7 but we provide an analysis of the most significant items below for your attention.
- 18 The note to the cash flow statement had not been prepared in accordance with the SORP. However the SORP provides no example note. In the unaudited accounts, a reconciliation between revenue activities net cash flow and the movement in the general fund balance for the year was performed, rather than a reconciliation to the deficit for the year on the Income and Expenditure Account. This has now been corrected and the unreconciled difference is only £2k.
- 19 There was an error on the face of the Income and Expenditure account. The figures for NNDR redistribution and General Government grants had been transposed. They should have been -£6,129k and -£1,210k respectively. This has been corrected. There is no effect on the deficit for the year.

Accounting practices

- 20 We are also required to report to you our view on the qualitative aspects of the Authority's accounting practices and financial reporting, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements.
- 21 As in previous years, the financial statements and working papers provided were of a good standard. The Accountancy Manager demonstrated a particularly good grasp of the new SORP requirements and has been approached for help by other authorities.
- 22 The accounts include pension fund assets as valued by the actuary. These figures are based on actuarial estimates as at 31 December 2006. As at 31 March 2007, the fund had outperformed their estimates (1.1 per cent increase on total asset value, equal to £0.9m for North Hertfordshire District Council). However, this is a timing issue and has no 'bottom-line' impact on the accounts.

Systems of internal control

- 23 As part of our audit, we consider the systems of accounting and financial control and report to you any material weaknesses identified. Our audit did not identify any material weaknesses in internal control.
- 24 We have not provided a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but have addressed only those matters which have come to our attention as a result of the audit procedures we have performed.
- 25 We have also reviewed whether the SIC has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit. There are no matters arising.

Internal Audit

- 26 We are required to carry out a review of Internal Audit every three years. The purpose of our review of internal audit is to:
- confirm that they comply with the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006 (the CIPFA Code) - this gives us assurance that their work is to a standard that we could rely on to inform our conclusions;
 - assess whether internal audit is effective as a management control - as part of our assessment of the control environment at the council; and
 - enable us to review (and seek to place reliance on) specific pieces of internal audit work where that work covers areas relevant to our Code of Practice responsibilities, so that we can place reliance upon the work of internal audit for opinion purposes as per ISA 610.

- 27 Whilst we concluded that the Internal Audit service complies with the requirements of the CIPFA Code of Practice, we identified the following areas for improvement:
- the terms of reference do not fully comply with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006; and
 - there is no robust mechanism in place for ensuring contractors used in Internal Audit are independent.

<i>Recommendations</i>
<i>R1 Update the Internal Audit terms of references to ensure compliance with the Code, namely to establish the organisational independence of Internal Audit. The Audit Manager should ensure arrangements are in place for regularly reviewing and approving the Terms of Reference.</i>
<i>R2 Require contractors to complete a declaration of interest form to ensure independence is established.</i>

- 28 These issues have been raised with the Audit Manager. The Authority has also set up a new Audit Panel to fulfil the governance requirements. The Terms of Reference are currently in draft form.

Use of resources

Work performed

- 29 The Code requires us to reach a conclusion on whether we are satisfied that the Council has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources – the value for money conclusion. In meeting this responsibility, we review evidence that is relevant to the Council's corporate performance management and financial management arrangements across a range of criteria specified by the Audit Commission. Our work to support our conclusion comprised the following elements:
- use of resources assessment;
 - data quality work; and
 - the best value performance plan.
- 30 Details of the criteria specified by the Audit Commission, our use of resources assessments for last year and our value for money conclusion for this year are set out in Appendix 8. On the basis of our assessment last year and the work we have undertaken to date we will be issuing an unqualified value for money conclusion on 25 September 2007 (a report is attached at Appendix 4).

Use of resources assessment

- 31 We are currently undertaking our work on the use of resources assessment, and will report our findings to the relevant officers and the new audit panel in a separate report and in the annual audit and inspection letter.

Data quality work

- 32 We are currently undertaking our data quality review. Our in depth work on a sample of indicators has not started. We will report to officers the outcome of our assessment of the arrangements in place for ensuring the quality of data in a separate report. Our report to officers will cover issues identified during our work. However, on the basis of the work undertaken in previous years and the work we will be completing on management arrangements this year, we anticipate concluding that the Council's arrangements for data quality are satisfactory.

Best value performance plan

- 33 Our work in respect of the Authority's 2006/07 best value performance plan (BVPP) was reported in the 2006 annual audit and inspection letter. No recommendations were made to the Audit Commission or the Secretary of State.

Audit fee update

- 34 We reported our fee proposals as part of the Audit Plan for 2006/07. The table below reports the outturn fee against that plan.

Table 1

	Plan 2006/07	Estimated actual 2006/07
Financial statements and Statement on Internal Control	£78,260	£82,260 (see paragraph 36)
Use of resources (including BVPP and data quality)	£29,554	£29,554
Other work: Whole of Government Accounts proforma	was not included in plan	£2,000 (see paragraph 37)
Total audit fees	£107,814	£113,814
Grants certification work	£30,000	£60,000 (anticipated see paragraph 38)

- 35 The analysis above shows that our audit fee for the main audit work has not been contained within the totals you have already agreed.
- 36 On 30 May 2007 we wrote to the Strategic Director of Finance and Regulatory Services noting that additional work would be necessary to audit the Council's compliance with the new SORP requirements; mainly due to additional audit time required to review the 2005/06 restated figures and the new 2006/07 Statement of Total Recognised Gains and Losses (including obtaining specialist technical input to undertake early work assessing the Authority's approach). We will be invoicing an additional £4,000 for this work.
- 37 At the time of issuing the original 2006/07 Plan, we did not include a fee for the audit of the Whole of Government Accounts (WGA) data return as the Audit Commission was still discussing the scope of the likely audit work with the NAO and other stakeholders. On 28 August we wrote to the Strategic Director of Finance and Regulatory Services regarding the additional invoice £2,000 for this work.

- 38 The anticipated grants fee of £60,000 has significantly increased from the 2006/07 planned fee of £30,000. The 2006/07 plan was issued before the work on the 2005/06 grants had been undertaken. The actual grant fee charged for 2005/06 was approximately £83,000 (more than £70,000 of which related to the audit of the housing benefits return, with which there were problems). It is anticipated that the 2006/07 actual fee will be in excess of the estimate of £30,000 in our original 2006/07 audit plan. We are however anticipating that it will be lower than that charged in 2005/06. We are working with the Council to look at ways of reducing the audit time spent on the housing benefits claim. The grants fee is charged in addition to the audit and inspection fee and is charged at a daily rate of actual time spent.
- 39 The outturn on inspection fees will be reported in the annual audit and inspection letter.

Appendix 1 – Action plan

Page	Recommendation	Priority 1 = Low 2 = Medium 3 = High	Responsibility	Agreed	Comments	Anticipated implementation date
9	R1 Update the Internal Audit terms of references to ensure compliance with the Code, namely to establish the organisational independence of Internal Audit. The Audit Manager should ensure arrangements are in place for regularly reviewing and approving the Terms of Reference.	3	Head of Financial Services and Audit Manager			
9	R2 Require contractors to complete a declaration of interest form to ensure independence is established.	2	Audit Manager			

Appendix 2 – The Audit Commission’s requirements in respect of independence and objectivity

- 1 We are required to communicate the following matters to those charged with governance:
 - the principal threats, if any, to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor;
 - any safeguards adopted and the reasons why they are considered to be effective;
 - any independent partner review;
 - the overall assessment of threats and safeguards; and
 - information about the general policies and processes for maintaining objectivity and independence.
- 2 We are not aware of any relationships that may affect the independence and objectivity of the audit team and which are required to be disclosed under auditing and ethical standards.

Appendix 3 – Audit reports issued

Planned output	Planned date of issue	Actual date of issue	Addressee
Audit plan	March 2006	April 2006	PARC
Opinion audit plan		30 May 2007	Strategic Director of Finance and Regulatory Services.
Interim audit memorandum	July 2007	not necessary - no significant issues to report	n/a
Annual governance report	September 2007	September 2007	PARC
Opinion on financial statements	by 28 September 2007	20 September 2007	Council Members
Use of resources conclusion	by 28 September 2007	20 September 2007	Council Members
Final accounts memorandum	October 2007	anticipating no significant issues to report	Accountancy Manager
BVPP report	December 2006	December 2006	Council Members
Data quality report	December 2007	December 2007	PARC
Performance reports Performance Management review (carried over from 2005/06)	n/a	September 2007	PARC
Annual audit letter	December 2007	March 2008	Audit Panel

Appendix 4 – Proposed auditor’s report

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF NORTH HERTFORDSHIRE DISTRICT COUNCIL

Opinion on the financial statements

I have audited the financial statements of North Hertfordshire District Council for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to North Hertfordshire 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 Chief Finance Officer and auditors

The Chief Finance Officer’s responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

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

I report to you my opinion as to whether the financial statements presents fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

I review whether the statement on internal control reflects compliance with CIPFA's guidance, 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises the Overall Performance, the 2006/07 Income and Expenditure and Provision of Services, and summary financial statements in the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended.

Debbie Hanson, District Auditor
x September 2007

Audit Commission, 1st Floor, Sheffield House, Lytton Way, off Gates Way,
Stevenage, Herts, SG1 3HG

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

Authority’s responsibilities

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor’s responsibilities

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

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority’s best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, North Hertfordshire District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

Best value performance plan

I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 on 19 December 2006. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I 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.

Debbie Hanson
District Auditor
x September 2007
Audit Commission
1st Floor, Sheffield House, Lytton Way, off Gates Way, Stevenage, Herts, SG1
3HG

Appendix 5 – Management representation letter

To:

Ms D Hanson
District Auditor
Audit Commission Sheffield House
Lytton Way
Stevenage
Herts

SG1 3HG

North Hertfordshire District Council - Audit for the year ended 31 March 2007

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other e.g.; directors, officers of North Hertfordshire District Council the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2007.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements which present fairly and for making accurate representations to you.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Specific representations:

There are no other material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.

Supporting records

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 Council and committee meetings, have been made available to you.

Related party transactions

I confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The body has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Assets

The following have been properly recorded and when appropriate adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements and options to buy back assets previously sold; and
- assets pledged as collateral.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

Post balance sheet events

Since the date of approval of the financial statements by Members of the Council, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. Except as disclosed in Note 23 to the financial statements we have no other lines of credit arrangements.

Signed on behalf of North Hertfordshire District Council

Name: Mr J Campbell

Position: Chief Executive and Responsible Financial Officer

Name: Councillor J.M. Cunningham

Position: Chair of the Performance, Audit and Review Committee

Date: x September 2007

Appendix 6 – Summary of adjusted misstatements

- 1 The following misstatements were identified during the course of our audit and the financial statements have been adjusted by management. We bring them to your attention to assist you in fulfilling your governance responsibilities.

Adjusted misstatements	Nature of adjustment	Income and Expenditure Account		Balance sheet	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Ref paragraph 19: Transposition of figures for NNDR redistribution and General Government Grants on the face of the Income and Expenditure account	Cr NNDR redistribution -£4,919k Dr General Government Grants £4,919k	Net £0	Net £0	0	0
Ref paragraph 18: A reconciliation between revenue activities net cash flow and the movement in the general fund balance for the year was performed, rather than a reconciliation to the deficit for the year on the Income and Expenditure Account.	Cash flow note 28: The 'Surplus/Deficit for the year' was £609k, it has been corrected to £4,213k. (£4,497k I&E deficit - £284k collection fund). 'Non cash transactions' did total -£676k, it has been corrected to -£4,422k 'Costs charged elsewhere in the cash flow' did total -£218k, it has been corrected to -£76k	n/a	n/a	n/a	n/a

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	Income and Expenditure Account	Balance sheet			
Adjusted misstatements	Nature of adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
Net effect	£2k unreconciled difference on cash Flow note but no effect on I&E or Balance Sheet.	n/a	n/a	n/a	n/a

Appendix 7 – Value for money conclusion

- 1 The Audit Commission has published, in accordance with the Code of Audit Practice, 12 criteria on which auditors are required to reach a conclusion on the adequacy of an audited body's arrangements for economy, efficiency and effectiveness in its use of resources.
- 2 The Code criteria are linked to the use of resources assessment (UoR) key lines of enquiry (KLoEs). A score of Level 2 or higher under the KLoEs will result in an assessment that the Authority has adequate arrangements in place for the purposes of the Code criteria. The Code criteria and the linked KLoEs are show in the table below, which also shows the UoR score from our last UoR assessment reported in March 2007. Our work on the 2007 UoR assessment is currently in progress.

Code criteria	Description	Associated UoR KLoE	UoR Score (2006)	VFM conclusion
1	The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.	N/A	N/A	Adequate
2	The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.	N/A	N/A	Adequate
3	The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.	N/A	N/A	Adequate

Code criteria	Description	Associated UoR KLoE	UoR Score (2006)	VFM conclusion
4	The body has put in place arrangements to monitor the quality of its published performance information, and to report the results to members.	LG DQ KLoEs	N/A	Adequate
5	The body has put in place arrangements to maintain a sound system of internal control.	4.2	2	Adequate
6	The body has put in place arrangements to manage its significant business risks.	4.1	2	Adequate
7	The body has put in place arrangements to manage and improve value for money.	5.2	2	Adequate
8	The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	2.1	2	Adequate
9	The body has put in place arrangements to ensure that its spending matches its available resources.	3.1	3	Adequate
10	The body has put in place arrangements for managing performance against budgets.	2.2	2	Adequate
11	The body has put in place arrangements for the management of its asset base.	2.3	2	Adequate
12	The body has put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.	4.3	2	Adequate