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| REPORT TITLE EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER TO MEMBERS NOVEMBER 2008 | |
| REPORT OF FINANCIAL ADVISER | |
| FOR SUBMISSION TO AUTHORITY MEETING | DATE 10 DECEMBER 2008 |
| 1. SUMMARY OF REPORT This report provides a summary of the main findings and conclusions of the Auditor's Annual Audit Letter to Members of the Authority. | |
| 2. RECOMMENDATIONS The Authority is requested to:- (i) Note the findings and recommendations of the Annual Audit Letter. | |
| Signed by the Financial Adviser: | |
| Date: | |

3. Introduction

3.1 The purpose of the Audit Letter is to summarise for Members the main findings and conclusions from the audit work undertaken by Deloitte & Touche over the last year. The letter, which is attached to this report is summarised below.

3.2 Performance Management

3.2.1 The Auditors advise that they have reviewed the 2007/08 Best Value Performance Indicators and express the view that they have been fairly stated.

3.2.2 The Auditors noted that the Authority recycled 16.99% of its household waste arisings fell short of meeting its local target of 19% and express the view that the achievement of this target should continue to be given priority in the future. By contrast, the Auditors note that the Authority exceeded its local target for composting (7.35% against a target of 7%). Information received during the first half of 2008/09 suggests that recycling levels are improving.

3.3 Financial Aspects of Corporate Governance

3.3.1 The overall conclusion of this section is that for 2007/08 the Authority has again demonstrated its ability to manage within budgetary limits. The Auditors are also satisfied with the Authority's performance in the first six months of 2008/09 but draw attention to the need for future budgets to maintain adequate levels of reserves. This is particularly pertinent to today's report on the 2009/10 budget forecast (elsewhere on this agenda) where it will be important to ensure that the budget for the year ahead is sufficiently robust and flexible to meet its statutory obligations.

3.3.2 The Authority included an Annual Statement of Governance Statement alongside its 2007/08 accounts that reflected full compliance with the internal control arrangements. Officers are continuing to review its controls and risk management arrangements and a six-monthly review is due to be submitted to the February meeting of the Authority.

3.4 Auditing the Accounts

3.4.1 An unqualified audit opinion was issued on the 2007/08 accounts on 29 September 2008. No objections or questions were received from local electors.

3.4.2 A copy of the signed 2007/08 Statement of Accounts will be circulated separately to Members.

3.4.3 The Auditors advise that the Authority has complied with the Statement of Recommended Practice (SORP) and recommends, in view of actuarial changes,

that the Authority keeps under review the assumptions used by the scheme actuaries for the pensions disclosures contained in the accounts.

4. **Next Year's Audit Plan**

4.1 As this is the final year that Deloitte & Touche will be reporting on the Authority's activities there is no Audit Plan for 2008/09. From 2008/09 the District Auditor will undertake the external audit role.

5. **Comments of the Legal Adviser**

5.1 The Legal Adviser has been consulted on this report and has no comments to add.

Local Government Act 1972 - Section 100 as amended

Documents used in the preparation of this report:-

Deloitte & Touche - Annual Audit Letter to Members November 2008

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