

<b>REPORT TITLE</b> EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER TO MEMBERS NOVEMBER 2007	
<b>REPORT OF</b> FINANCIAL ADVISER	
<b>FOR SUBMISSION TO</b> AUTHORITY MEETING	<b>DATE</b> 6 FEBRUARY 2008
<b>1. SUMMARY OF REPORT</b>  This report provides a summary of the main findings and conclusions of the Auditor's Annual Audit Letter to Members of the Authority.	
<b>2. RECOMMENDATIONS</b>  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 was issued on 30 November but received too late for submission to the December meeting of the Authority. The letter, which is attached to this report is summarised below.

### **3.2 Performance Management**

3.2.1 The Auditors comment on the continuing progress made by the Authority to achieve Best Value and advise that the Best Value Performance Plan complies in all significant respects with statutory guidance. The Auditors state that the performance indicators had been fairly stated and that they had issued an unqualified audit opinion on these during the year. An unqualified audit report on the Best Value Performance Plan (BVPP), also dated 30 November, was issued separately.

3.2.2 The Auditors noted that although the Authority recycled 15.81% of its household waste arisings, this fell short of meeting its local target of 17% and expressed the view that as this target was rising to 19% in 2007/08 that this should be kept under review. By contrast, the Auditors note that the Authority exceeded its local target for composting (7.01% against a target of 6%). When the recycling and composting targets are added together however, performance was 22.82% against a target of 23%. Members will be aware that the achievement of targets is very much dependant upon the actions of its constituent boroughs. Information received during the first half of 2007/08 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 2006/07 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 2007/08 but draw attention to the need for future budgets to maintain adequate levels of reserves. This is particularly pertinent to today's decisions on the 2008/09 budget and levy (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 At 3.1.1 of the letter, the Auditors state that the general reserves of the Authority fell by £4.8m during the year and that the total deficit for the year is largely as a result of Landfill Allowance Trading Scheme. Members will be aware that because of the level of balances estimated to be held by the Authority at 31 March 2006 that it decided to return these balances to the NLWA constituent boroughs through a reduction in the 2006/07 levy. The deficit for the year was planned at

£8.609m but was actually lower at £4.867m. The LATS reference refers to the notional book value of allowances used in 2006/07 (£3.115m), i.e. it is not backed by cash.

- 3.3.2 The Authority included a Statement of Internal Control alongside its 2006/07 accounts that reflected full compliance with the internal control arrangements. Officers are continuing to review its controls and risk management arrangements and a further report will be submitted to today's meeting of the Authority.

#### 3.4 **Auditing the Accounts**

- 3.4.1 An unqualified audit opinion was issued on the 2006/07 accounts on 28 September 2007. No objections or questions were received from local electors.
- 3.4.2 A copy of the signed 2006/07 Statement of Accounts has been circulated separately to Members.
- 3.4.3 The Auditors draw attention to the legislative requirement for the annual accounts of local authorities to be prepared and approved by 30 June and audited by 30 September. This is the same as the timetable for the 2006/07 accounts. Authority meeting dates will continue to be arranged to ensure that the Authority continues to comply with this statutory requirement.

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

- 4.1 The final section of the Audit Letter refers to the Audit Plan for 2007/08. As usual the work of the external auditor will rely on both the NLWA and Camden internal controls and management processes. The Auditors will continue to perform their audit work under the International Standards of Auditing (UK and Ireland).

#### 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 2007

Contact Officer: R A Bench  
Finance Officer to the NLWA  
Finance Department  
London Borough of Camden  
Town Hall, Argyle Street  
London WC1H 8NG

Tel: 020 7974 5945

Email [robert.bench@camden.gov.uk](mailto:robert.bench@camden.gov.uk)