

<b>REPORT TITLE</b>	
EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER TO MEMBERS DECEMBER 2005	
<b>REPORT OF</b>	
FINANCIAL ADVISER	
<b>FOR SUBMISSION TO</b>	<b>DATE</b>
AUTHORITY MEETING	8 FEBRUARY 2006
<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, 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. An unqualified audit opinion was issued 16<sup>th</sup> December 2005.

3.2.2 The Auditors acknowledge that the Authority achieved its local performance standard of recycling and composting 14% of the household waste stream.

3.2.3 Although attention is drawn to a change to one local performance indicator the Auditors have nevertheless concluded that the performance indicator information that was submitted to the Audit Commission was 'fairly stated', and that the Authority's arrangements for monitoring its performance appear to be operating satisfactorily.

3.2.4 Attention is also drawn to the challenge posed by the increase in local targets set by the Authority under the North London Joint Waste Strategy for both recycling and composting in 2005/06 and 2006/07. Members, however, will be aware of the arrangements that have been made with LondonWaste Ltd to provide the In-Vessel Composting facility and a scheme to separate bulky waste during 2005/06. These new arrangements will assist with the achievement of these targets.

### **3.3 Financial Aspects of Corporate Governance**

3.3.1 The overall conclusion of this section is that for 2004/05 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 2005/06 but draw attention to the need for future budgets to maintain adequate levels of reserves.

3.3.2 The Authority included a Statement of Internal Control alongside its 2004/05 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 future meeting of the Authority on this matter. Arrangements are also being made to provide risk awareness training for Members as part of the Members' induction briefing ahead of the Authority's Annual General Meeting in June.

### 3.4 **Auditing the Accounts**

- 3.4.1 An unqualified audit opinion was issued on the 2004/05 accounts on 26 October 2005. No objections or questions were received from local electors.
- 3.4.2 A copy of the signed 2004/05 Statement of Accounts has previously been circulated to Members.
- 3.4.3 The Auditors draw attention to the legislative requirement for future annual accounts of local authorities to be closed more quickly. The Authority has already arranged for its July meeting to be held on 28<sup>th</sup> June 2006 in order to comply with the first stage of the accelerated timetable for approving the 2005/06 draft Statement of Accounts. A provisional date of 17<sup>th</sup> July has been set for the start of the audit. It will also be necessary for the 2005/06 accounts to be audited by 30<sup>th</sup> September 2006 and therefore in order for this to happen it will be necessary for the Authority to restore its October meeting to September in order that the Auditors can submit a report on the outcome of their audit to Members in advance of formally issuing their opinion on the Authority's 2005/06 accounts.

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

- 4.1 The final section of the Audit Letter refers to the Audit Plan for 2005/06. As usual the work of the external auditor will rely on both the NLWA and Camden internal controls and management processes. The Plan draws attention to changes in the audit approach that Deloitte & Touche will be required to reflect in their work on the 2005/06 accounts. Attention has been drawn to a number of actions that the Authority should undertake in advance of the audit. With this in mind arrangements have been made to review the Authority's key control processes particularly in relation to the assessment of risk.

### 5. **Comments of the Legal Adviser**

- 5.1 The Legal Adviser has been consulted in the preparation of this report and has no comments to make.

#### **Local Government Act 1972 - Section 100 as amended**

Documents used in the preparation of this report:-

Deloitte & Touche - Annual Audit Letter to Members December 2005

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