

**REPORT TITLE**

EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER TO MEMBERS 2004

**REPORT OF**

FINANCIAL ADVISER

**FOR SUBMISSION TO**

**DATE**

AUTHORITY MEETING

9 FEBRUARY 2005

**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 has been circulated, separately 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 on 20 December 2004.

3.2.2 The Auditors acknowledge that the Authority achieved its statutory performance standard of recycling and composting 12% of the household waste stream.

3.2.3 Although attention is drawn to some minor changes to two performance indicators 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.

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

3.3.1 The overall conclusion of this section is that for 2003/04 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 2004/05 but draw attention to the need for future budgets to maintain adequate levels of reserves.

3.3.2 New for 2003/04 was the need to include a Statement of Internal Control alongside its 2003/04 accounts. The 2003/04 Statement was therefore broadened to take into account both financial and non-financial matters. The Statement acknowledged that the Authority needed to formalise its control and risk management arrangements. The Auditors recommend that Members should monitor the progress to formalise and embed these arrangements. Work on this has begun and a report will be submitted to the April Meeting of Authority.

### **3.4 Auditing the Accounts**

3.4.1 An unqualified audit opinion was issued on the 2003/04 accounts on 26 November 2004. No objections or questions were received from local electors.

3.4.2 A copy of the signed 2003/04 Statement of Accounts has been separately 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. Although no change should be necessary for Authority approval dates for 2004/05, it will be necessary to make adjustments to approval dates for the 2005/06 accounts.

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

4.1 The final section of the Audit Letter refers to the Audit Plan for 2004. As usual the work of the external auditor will rely on both the NLWA and Camden internal controls and management processes. In addition, the Auditors intend to keep under review the impact on the Authority of the Waste Incineration Directive and treatment of the Ashburton Grove/Hornsey Street replacement facility in the accounts of the Authority.

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

5.1 The Legal Adviser's comments are incorporated in the report.

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

Documents used in the preparation of this report:-

Deloitte & Touche - Annual Audit Letter to Members 2004

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rb/nlwa/auditletter2004