



South Derbyshire District Council

**Annual report to those charged with
governance 2007/08**

September 2008

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1 Introduction

Background and purpose of the report

- 1.1 South Derbyshire District Council ('the Council') is responsible for the preparation of accounts which record its financial position as at 31 March 2008 and its income and expenditure for the year then ended. We are responsible for undertaking an audit and reporting whether, in our opinion, the Council's accounts 'present fairly' the financial position of the Council. Our detailed findings are set out in section two.
- 1.2 Under the Audit Commission's Code of Audit Practice we are also required to reach a conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion'). The pieces of work that have informed our VFM conclusion, and our detailed findings, are set out in section three.
- 1.3 The Audit Commission's Statement of Responsibilities, which sets out the respective responsibilities of the Council and the auditor in relation to the accounts and arrangements for securing economy, efficiency and effectiveness in the use of resources, have been re-produced in full at Appendices A and B and reflects the scope of our audit.
- 1.4 This report summarises the principal matters arising from our audit. The issues raised have been discussed with the Head of Finance and Property Services and his team and other officers as appropriate. Auditing standards require us, as the Council's external auditors, to report to those charged with governance certain matters before giving an opinion on the accounts and the Code of Audit Practice requires us to report key matters relating to our VFM conclusion. For the Council, this function will be carried out by the Audit Sub-Committee at its meeting on 25 September 2008.

The accounts opinion

- 1.5 We have performed our audit of the 2007/08 accounts in accordance with the Audit Commission's Code of Audit Practice and applicable auditing standards. Our approach follows that set out in the Audit and Inspection Plan 2007/08, agreed with the Council.
- 1.6 At the time of reporting to the Audit Committee, the audit is substantially complete and we expect to issue an **unqualified opinion on the Council's accounts** by the 30 September deadline.

1.7 We draw the following issues to your attention:

- the accounts were submitted for audit within the statutory deadline and working papers supplied for audit were of a generally good standard;
- amendments have been made to correct for a number of disclosure issues identified by the audit, where the draft accounts were considered not to comply with CIPFA's Statement of Recommended Practice (SoRP); and
- there are no unadjusted errors which impact on the Income and Expenditure account.

1.8 Further details of our accounts audit are given in section two.

The VFM conclusion

1.9 We have completed our work on the Council's arrangements for achieving economy, efficiency and effectiveness in its use of resources and we expect to issue an **unqualified VFM conclusion** by the 30 September deadline.

1.10 The findings that have contributed to the VFM conclusion have been reported to the Council by the Audit Commission in its Annual Audit and Inspection Letter of March 2008.

1.11 In giving our VFM conclusion, we have also considered emerging findings from our 2008 use of resources key lines of enquiry (KLoE) assessment and our current work regarding the Council's arrangements for securing data quality in its performance management information. Following national submission of our KLoE scores and Audit Commission quality assurance, we will write to the Council confirming 2008 KLoE scores, in December 2008.

1.12 Key messages from this year's use of resources work are summarised in section three.

Use of this report

1.13 This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person. This report should be read in conjunction with the Council's draft letter of representation.

1.14 This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of the accounts and use of resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters

- 1.15 We would like to take this opportunity to remind the Audit Sub-Committee of the need to monitor implementation of the recommendations arising out of this report (see Appendix C).

Independence

- 1.16 We are able to confirm our independence and objectivity as auditors and note the following:
- we are independently appointed by the Audit Commission;
 - the firm has been assessed by the Audit Commission as complying with its required quality standards;
 - the engagement lead and client service manager are subject to rotation periodically; and
 - we comply with the Auditing Practices Board's Ethical Standards. We have not undertaken any non-audit work for the Council (Appendix F).

Acknowledgements

- 1.17 We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management, officers and members during the course of our audit.

Grant Thornton UK LLP
23 September 2008

2 The accounts opinion

Introduction

- 2.1 We summarise in this section matters arising from our audit of the Council's 2007/08 accounts which we are required, under auditing standards, to report to those charged with governance.

Approach to the audit

- 2.2 We carry out work to enable us to report to the Council our opinion as to whether the financial statements 'present fairly' the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 ('the SoRP').
- 2.3 Our approach to the audit was set out in our 2007/08 audit plan. We have planned our audit in accordance with auditing standards and the Audit Commission's Code of Audit Practice.
- 2.4 Other key factors to highlight include:
- we consider the materiality of items in the accounts both in determining the audit approach and in determining the impact of any errors;
 - we have been able to place appropriate reliance on the key accounting systems operating at the Council for final accounts audit purposes; and
 - we have been able to place reliance on the work of internal audit in respect of the key accounting systems.

Key audit findings

2.5 We summarise our key audit findings below:

Area	Key messages
Interim audit	<p>Internal Audit substantially complies with the CIPFA Code of Practice for Internal Audit and we have been able to place reliance on its work in respect of the key accounting systems.</p> <p>The high-level governance controls and process are considered adequate with few deficiencies noted.</p> <p>Information technology controls have been assessed as generally sufficient, with no significant deficiencies or material weaknesses having been identified.</p> <p>The financial reporting process was found to be generally sound, with only a few minor issues being identified.</p> <p>The Best Value Performance Plan was found to meet the statutory minimum requirements and we issued an unqualified opinion on this basis.</p> <p>The Council has good arrangements in place to ensure that the financial statements and supporting working papers are available within reporting deadlines.</p>
Accounting policies and practices	<p>The Council has adopted appropriate accounting policies, in accordance with the 2007 SoRP.</p> <p>There were five reportable areas in which disclosures in the notes to the draft accounts did not, in our view, fully comply with the 2007 SoRP, relating to:</p> <ul style="list-style-type: none"> ▪ operating lease commitments at note 3 disclosed for the lifetime of the leases instead of being limited to the following financial year; ▪ narrative disclosures for provisions at note 45 being insufficient to meet the requirements of FRS12; ▪ incorrect and insufficient FRS17 disclosure of rates of return and actuarial gains in note 47; ▪ the absence of detailed financial instrument disclosures in accordance with FRS25, FRS26 and FRS29 at note 26; and ▪ disclosure of a £1.681m upward revaluation of fixed assets as additions, rather than revaluations of fixed assets in note 19. <p>The Council has amended these areas in the revised accounts.</p> <p>Further consideration of these issues is shown at Appendix C.</p> <p>We are satisfied that the relevant financial information disclosed in the Explanatory Foreword is consistent with the accounts.</p>

Area	Key messages
Material risks and exposures	<p>There have been no material risks or liability exposures identified by the Officers during the preparation of the Statement of Accounts.</p> <p>The Council has confirmed this position in its draft letter of representation.</p> <p>We will confirm that this remains unchanged on the date the Council signs the final letter of representation and we sign our audit opinion.</p>
Audit adjustments	<p>We recommended one significant adjustment to the accounts, in respect of revalued fixed assets shown as additions of £1.681m rather than revaluations.</p> <p>We also recommended a number of other presentational adjustments to address non-compliance with the SoRP, to correct misclassifications within balance sheet headings, and to correct figures wrongly stated in disclosure notes. We suggested these adjustments to improve the quality and clarity of disclosures in the accounts.</p> <p>Officers have accepted these adjustments and have reflected them in the accounts.</p> <p>Further consideration of these issues is shown at Appendix D.</p>
Unadjusted errors	<p>We recommended two adjustments to the accounts, which officers have not adjusted. Neither of these impacts on the Income and Expenditure Account or General Fund balance.</p> <p>The unadjusted items do not have a significant effect on the accounts, and we are satisfied with officers' decision not to adjust.</p> <p>Details of the unadjusted errors are set out in Appendix E.</p> <p>The Audit Sub-Committee should confirm that it is prepared to accept the unadjusted errors.</p>

Area	Key messages
Other matters	<p>The overall quality of the Council's working papers to support the 2007/08 accounts was good. We will discuss with the finance team any areas where we feel further improvements can be made.</p> <p>The Finance and Management Committee approved the draft accounts on 26 June 2008. We were presented with draft accounts on 1 July 2008.</p> <p>The appointed day for electors to ask the auditor questions on the accounts this year was 13 August 2008. We received no questions or objections from the public in relation to the accounts.</p> <p>Having considered the Council's medium term financial strategy and 2008/09 budgets we have concluded that it is appropriate for the Council to account on a going concern basis.</p> <p>We have not identified any matters, that we have not already reported, that require the attention of the Audit Sub-Committee.</p> <p>We have discussed these and other matters arising with the Head of Finance and Property Services and his team and have reflected their responses to the matters raised in the Action Plan attached at Appendix C.</p>

Next steps

- 2.6 We will continue to work with the Council to ensure that outstanding finalisation issues completed in time for the accounts opinion to be formally signed in accordance with the statutory deadline of 30 September 2008.
- 2.7 We are required to provide an audit opinion on the consolidation pack that is to be completed as part of Whole of Government Accounts. This work is not covered by our opinion on the Council's accounts. We will complete this work once the accounts audit has been finalised and in time for the 1 October deadline.
- 2.8 The Audit Committee should monitor implementation of the recommendations arising from this report.

3 The VFM conclusion

Introduction

- 3.1 Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion'). In meeting this responsibility we review evidence that is relevant to the Council's corporate performance management and financial management arrangements, which are assessed against twelve criteria specified in the Code of Audit Practice.

Approach to the audit

- 3.2 The following pieces of work have informed our assessment against the Code criteria:
- a review of relevant findings from the Council's Comprehensive Performance Assessment (CPA) corporate assessment;
 - an assessment of the Council's data quality management arrangements, using criteria prescribed by the Audit Commission;
 - an assessment of the Council's arrangements for financial reporting, financial management, financial standing, internal control and value for money, using the Commission's key lines of enquiry (KLoE); and
 - other local risk based use of resources work set out in our 2007/08 plan.
- 3.3 The key findings from each of these pieces of work are summarised in this section of the report.

VFM conclusion

- 3.4 We have completed our work on the Council's arrangements for achieving economy, efficiency and effectiveness in its use of resources and we expect to issue an **unqualified VFM conclusion** by the 30 September deadline.

3.5 Our conclusions for each of the 12 Code criteria are set out in the table below:

Code area	Source of evidence	Arrangements adequate?
Setting, reviewing and implementing strategic and operational objectives	Direction of travel statement	Yes
Communication with service users and other stakeholders and partners	Direction of travel statement	Yes
Management of performance against strategic objectives	Direction of travel statement	Yes
Monitoring the quality of published performance information	Data quality audit 2007	Yes
Maintaining a sound system of internal control	KLoE 2007	Yes
Managing significant business risks objectives	KLoE 2007	Yes
Managing and improving value for money	KLoE 2007	Yes
Maintaining a medium-term financial strategy	KLoE 2007	Yes
Ensuring that spending matches available resources	KLoE 2007	Yes
Managing performance against budgets	KLoE 2007	Yes
Managing the asset base	KLoE 2007	Yes
Promoting and ensuring probity and propriety in the conduct of business	KLoE 2007	Yes

Corporate assessment

- 3.6 We are required to review the Council's latest corporate assessment or direction of travel statement in order to satisfactorily conclude on three of the Code criteria (see table above). In completing this work we are not required to re-perform the work of the corporate assessment team and the comprehensive area assessment lead, rather we are looking to place reliance on this work.
- 3.7 Our assessment is based on the latest direction of travel statement completed in 2008. Based on this work, we assess the Council as having adequate arrangements for objective setting, consultation and performance management.

Data quality audit 2007

- 3.8 The audit work that we have used to reach our conclusion in respect of Code criterion on published performance information is the Audit Commission's most recent audit of the Council's corporate management arrangements for data quality, completed in the autumn of 2007 and updated for the situation at March 2008.
- 3.9 The audit concluded that the Council's management arrangements for data quality are adequate.
- 3.10 We have recently commenced our 2008 review of data quality management arrangements, which the Council's arrangements has already indicated that there are no matters impacting on our 2007-08 VFM opinion, regarding for monitoring the quality of published performance information.

Use of resources KLoE 2007 and local risk based work

- 3.12 We draw upon and update the findings from the Audit Commission's final key lines of enquiry (KLoE) audit work in order to satisfactorily conclude on a number of the VFM Code criteria. The results of this work, and associated recommendations, were included in the Commission's Annual Audit and Inspection Letter of March 2008. The Council's arrangements were assessed as at least adequate in all areas. The 2007 KLoE scores are included at Appendix H.
- 3.14 The results of this work confirm that that, for 2007/08, the Council had at least adequate arrangements in place in the areas covered by the KLoE 2007 assessment.

KLoE 2008

- 3.15 Our 2008 KLoE assessment has recently commenced. We are not able to formally report scores to the Council until after the Audit Commission's national quality assurance processes are complete. We can, however, confirm that no issues have arisen to date that impact on the VFM conclusion for 2007-08. We will report the results of our work and confirm scores with the Council in March 2009.

KLoE 2009

- 3.16 There have been significant changes to the use of resources assessment criteria for 2009, as part of the new Comprehensive Area Assessment. The Council's management arrangements for the 2008/09 financial year will be assessed against the new criteria that represent a 'harder test.'
- 3.17 Whilst we will not formally assess the Council against the new criteria until summer 2009, as part of next year's plan, we will continue to carry out our use of resources work with reference to revised requirements to help the Council prepare for future assessments.

Next steps

- 3.18 We will carry out our final review against any emerging findings and intend to issue our VFM conclusion by the 30 September.
- 3.19 The Audit Sub-Committee should monitor implementation of the recommendations referred to in this report.

Appendix A Statement of responsibilities - accounts

The accounts, which comprise the published accounts of the audited body, are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources.

It is the responsibility of the audited body to:

- put in place systems of internal control to ensure the regularity and lawfulness of transactions
- maintain proper accounting records
- prepare accounts that present fairly the financial position of the body and its expenditure and income.

The audited body is also responsible for preparing and publishing with its accounts a statement on internal control.

Auditors audit the accounts and give their opinion, including:

- whether they present fairly the financial position of the audited body and its expenditure and income for the year in question
- whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards.

Subject to the concept of materiality, auditors provide reasonable assurance that the accounts:

- are free from material misstatement, whether caused by fraud or other irregularity or error
- comply with statutory and other applicable requirements
- comply with all relevant requirements for accounting presentation and disclosure.

Auditors examine selected transactions and balances on a test basis and assess the significant estimates and judgements made by the audited body in preparing the statements.

Auditors evaluate significant financial systems, and the associated internal controls, for the purpose of giving their opinion on the accounts. Where auditors identify any weaknesses in such systems and controls, they will draw them to the attention of the audited body, but they cannot be expected to identify all weaknesses that may exist.

Auditors review whether the Annual Governance Statement has been presented in accordance with relevant requirements and report if it does not meet these requirements or if it is misleading or inconsistent with other information of which the auditor is aware. In doing so auditors take into account the knowledge of the audited body gained through their work in relation to the audit of the accounts and through their work in relation to the body's arrangements for securing economy, efficiency and effectiveness in the use of its resources. Auditors are not required to consider whether the statement on internal control covers all risks and controls, nor are auditors required to form an opinion on the effectiveness of the audited body's corporate governance procedures or risk and control procedures.

Appendix B Statement of responsibilities - VFM

It is the responsibility of the audited body to put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to ensure proper stewardship and governance, and regularly to review the adequacy and effectiveness of them. Such corporate performance management and financial management arrangements form a key part of the system of internal control and comprise the arrangements for:

- establishing strategic and operational objectives
- determining policy and making decisions
- ensuring that services meet the needs of users and taxpayers and for engaging with the wider community
- ensuring compliance with established policies, procedures, laws and regulations
- identifying, evaluating and managing operational and financial risks and opportunities, including those arising from involvement in partnerships and joint working
- ensuring compliance with the general duty of best value, where applicable
- managing its financial and other resources, including arrangements to safeguard the financial standing of the audited body
- monitoring and reviewing performance, including arrangements to ensure data quality
- ensuring that the audited body's affairs are managed in accordance with proper standards of financial conduct, and to prevent and detect fraud and corruption.

The audited body is responsible for reporting on these arrangements as part of its annual statement on internal control.

Auditors have a responsibility to satisfy themselves that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In meeting this responsibility auditors should review and, where appropriate, examine evidence that is relevant to the audited body's corporate performance management and financial management arrangements, as summarised above, and report on these arrangements.

Auditors are responsible for reporting annually their conclusion, having regard to relevant criteria specified by the Audit Commission, as to whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Auditors report if significant matters have come to their attention that prevent them from concluding that the audited body has put in place proper arrangements. However, auditors are not required to consider whether aspects of the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources are effective.

In planning their audit work in relation to the arrangements for securing economy, efficiency and effectiveness in the use of resources, auditors consider and assess the relevant significant business risks. These are the significant operational and financial risks to the achievement of the audited body's statutory functions and objectives, which apply to the audited body and are relevant to auditors' responsibilities under the Code, and the arrangements it has put in place to manage these risks. The auditor's assessment of what is significant is a matter of professional judgement and includes consideration of both the quantitative and qualitative aspects of the item or subject matter in question. Auditors discuss their assessment of risk with the audited body.

When assessing risk auditors consider:

- the relevance and significance of the potential business risks faced by all bodies of a particular type
- other risks that apply specifically to individual audited bodies
- the audited body's own assessment of the risks it faces
- the arrangements put in place by the body to manage and address its risks.

In assessing risks auditors have regard to:

- evidence gained from previous audit work, including the response of the audited body to previous audit work
- the results of assessments of performance carried out by the Commission
- the work of other statutory inspectorates
- relevant improvement needs, identified in discussion with the Commission or other statutory inspectorates.

Where auditors rely on the reports of statutory inspectorates as evidence relevant to the audited body's corporate performance management and financial management arrangements, the conclusions and judgements in such reports remain the responsibility of the relevant inspectorate or review agency.

In reviewing the audited body's arrangements for its use of resources, it is not part of auditors' functions to question the merits of the policies of the audited body, but auditors may examine the arrangements by which policy decisions are reached and consider the effects of the implementation of policy. It is the responsibility of the audited body to decide whether and how to implement any recommendations made by auditors and, in making any recommendations, auditors should avoid any perception that they have any role in the decision making arrangements of the audited body.

While auditors may review audited bodies' arrangements for securing economy, efficiency and effectiveness in the use of resources, they cannot be relied on to have identified every weakness or every opportunity for improvement. Audited bodies should consider auditors' conclusions and recommendations in their broader operational or other relevant context.

Auditors are not required to report to audited bodies on the accuracy of performance information that the audited bodies publish. Auditors' work is limited to a review of the systems put in place by the audited body to collect, record and publish the information, in accordance with guidance issued by the Commission.

Audit work in relation to the audited body's arrangements to ensure that its affairs are managed in accordance with proper standards of financial conduct, and to prevent and detect fraud and corruption, does not remove the possibility that breaches of proper standards of financial conduct, or fraud and corruption, have occurred and remained undetected. Nor is it auditors' responsibility to prevent or detect breaches of proper standards of financial conduct, or fraud and corruption, although they will be alert to the possibility and will act promptly if grounds for suspicion come to their notice

Appendix C Action plan

Finding	Actions required	Management response	Implementation details
<p>Estimated claims: It is general practice for the accounts figures relating to government department returns and claims to be based on estimates, as final returns are sometimes unavailable at the time of accounts production.</p> <p>Following submission of the final claims, it is best practice to review any movement from estimates and assess the impact on the accounts.</p> <p>This process was not included in the Council's accounts production plan and, as a result, a number of corrections to actual Collection Fund figures have been included in our audit adjustments at Appendix E.</p>	<p>The Council should include a review process for final claims and returns in the accounts production process for future years.</p>	<p>The Council does currently undertake an informal process to check that final claims do not vary significantly from that estimated.</p> <p>The Council will include evidence of this within the accounts production process in future years.</p>	<p>From 2008/09. To be reviewed by Head of Finance and Property Services.</p>
<p>SoRP Compliance: Despite completing the SoRP disclosure checklist, the Council did not comply fully with the SoRP disclosure requirements for provisions, operating leases, pensions, financial instruments and fixed assets.</p>	<p>Appropriate amendments have been made to the 2007-08 accounts.</p> <p>Additional resource should be allocated to this area in future years to ensure accounts supplied for audit are fully SoRP compliant.</p>	<p>The finding is noted, although it is not always clear from either the SORP itself, the guidance notes and checklist, what actual disclosures are required. The Council strives to comply fully with all disclosure requirements, including taking external advice and liaison with other authorities where this is considered appropriate. This will continue and be kept under review.</p>	<p>From 2008/09. To be reviewed by Head of Finance and Property Services.</p>

Appendix D Accounts adjustments agreed

Accounting adjustments that affect the reported surplus / deficit on the I&E account	
Finding	Impact £'000's
None	N/A
Net impact of adjustments decreases the deficit on the I&E account by £Nil	

Accounting adjustments that do not affect the reported surplus / deficit on the I&E account	
Finding	Impact £'000's
Assets totalling £1.681m which had not previously been recognised within the accounts, and have been held on the fixed asset register at a nominal value, have been disclosed as additions at note 19 and taken to the Revaluation Reserve. Whilst the Council has followed the guidance in the CIPFA FAN rough guide to accounting for capital reserves, we nevertheless consider the correct accounting treatment to be to disclose the increase in value on the balance sheet as a revaluation to an existing asset rather than an addition. The disclosure should be amended to this effect in the fixed assets note.	N/A
Within the Collection Fund the precept for South Derbyshire DC is overstated by £19,000 with a corresponding understatement of the Police Authority precept. This error was identified and amended by the Council.	N/A

Disclosure adjustments
<p>There were 4 other reportable areas in which disclosures in the notes to the draft accounts did not, in our view, comply with the 2007 SoRP, relating to:</p> <ul style="list-style-type: none"> provisions - narrative disclosures for the stated provisions were insufficient to meet the SoRP criteria; pensions - disclosures to meet the pensions accounting standard were inconsistent with the actuaries report and insufficient to fulfil the SoRP criteria; operating leases - the requirement to analyse annual ongoing financial commitments by the year in which the lease expires had been misinterpreted and an analysis of committed future costs per annum disclosed instead; financial instruments - disclosures to meet the financial instrument accounting standards introduced by the 2007 SoRP had not been made. <p>The Council has amended these disclosures in the revised accounts.</p>

Appendix E Accounts adjustments not processed

Adjustments not processed that would affect the reported surplus / deficit on the I&E account

Finding	Impact £'000's
None	N/A
Net impact of unadjusted errors would increase deficit on the I&E account by £nil	

Adjustments not processed that would not affect the reported surplus / deficit on the I&E account

Finding	Impact £'000's
Figures in the financial statements relating to subsidy income and payments due to the National Non Domestic Rates pool have been calculated on an estimated basis. Actual final claim figures are now available. The impact on the Collection Fund disclosure for Council Tax Benefit income is £34,000 and for National Non Domestic Rates is £-45,000.	N/A
The Council has invoiced £30,000 in advance for LAEP funding from the East Midlands Regional Assembly for the provision of climate friendly workshops. Both sundry debtors and grants unapplied are overstated by £30,000. There is no net impact on the balance sheet.	N/A

Appendix F Audit fees update

Audit area	Planned fee 2007/08	Actual fee 2007/08
Accounts	67,815	67,815
Use of Resources	28,050	28,050

Code of Practice audit

As shown in the table above, the 2007/08 actual fee invoiced to date is consistent with the planned fee for the year.

Grant claims audit

Grant claim certification work will be completed between August and December 2008.

Our work is charged to the Council based on the cost of auditing each claim and the overall fee normally varies from estimate, depending on the number and complexity of claims to be audited, as well as the quality of claim compilation and supporting documentation.

We will update the Council on the final fee charged for 2007/08, in the grant claims report that we will produce in December 2008.

Non Code work

We have not carried out audit work outside of the Code of Audit Practice audit.

Appendix G 2007 KLoE scores

Theme and KLoE	Score (out of 4)
Financial reporting <ul style="list-style-type: none"> • Annual accounts • External accountability 	3
Financial management <ul style="list-style-type: none"> • Medium term financial planning and budget setting • Managing performance against budgets • Managing assets 	3
Financial standing	3
Internal control <ul style="list-style-type: none"> • Managing significant business risks • Maintaining a sound system of internal control • Ensuring probity 	3
VFM <ul style="list-style-type: none"> • Current achievement of VFM • Managing and improving VFM 	3



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