
Harrow Council

**Audit Plan – Five months ending 31
March 2004**

February 2004

This report has been prepared on the basis of the limitations set out on page 15.

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1. KEY POINTS

We have pleasure in presenting our second audit plan which covers the audit of the Council's 2003/4 accounts and the work to be undertaken in the five months ending 31 March 2004.

Last year the Audit Commission published fee and audit and inspection activity information for the seventeen months ended 31 March 2004 and invited auditors and inspectors to draw up plans covering the same period. This period effectively covered the audit of the accounts for the two years ending 31 March 2003 and 31 March 2004 and inspection and value for money work for the seventeen months to 31 March 2004. As Harrow was a new audit appointment, we considered it inappropriate to draw up the audit part of these plans for this length of period. As a result, in 2004, we will need to issue two audit plans.

The first plan (this document) covers, for value for money studies, the remaining five months of this seventeen month period (the '2003/4 audit'). It also sets out the work we will do on the 2003/4 accounts and financial aspects of corporate governance in relation to that financial year. The performance work to be carried out in the five month period is a review of scrutiny and a review of the Council's ICT strategy. The second plan will set out the work we will carry out on the 2004/5 accounts, audit of financial aspects of corporate governance in relation to that year and any value for money work planned to be carried out during the year ending 31 March 2005 (the '2004/5 audit').

Our audit will be carried out under the Audit Commission's Code of Audit Practice. In addition, we are responsible for certifying (on behalf of the Audit Commission) grant claims made by the Council.

Section 3 of our audit plan sets out how we plan to approach each of our main areas of responsibility, the areas of risk or audit focus we have identified and our planned audit response. In accordance with the requirements of the Code, we have aimed to tailor the quantum and scope of our work to reflect the risks we perceive at Harrow.

Our proposed fee for the 2003/4 audit is £224,000.

Section 4.5 sets out the nature and timing of the audit products the Council can expect for this fee.

In 2004, Deloitte continues to be involved in a pilot scheme to carry out inspection work at Harrow on behalf of the Audit Commission. This document covers only our work carried out in our capacity as the Council's auditor. Details of the inspection work we will carry out is provided in the Relationship Manager's Audit and Inspection Plan.

This audit plan has been developed having regard to the inspection programme and takes account of the round table meeting with the Council members and officers in January 2004 and the views of the Audit Commission's Relationship Manager.

2. INTRODUCTION

2.1. The Audit Commission's Code of Audit Practice

The way in which we carry out our audit is set out in the Audit Commission's Code of Audit Practice, which all audit suppliers are required to follow.

The Code splits our responsibilities into three areas:

- Accounts
- Financial aspects of corporate governance, incorporating work on legality, internal financial controls and fraud and corruption arrangements
- Performance.

Work on any particular code objective may influence other areas. For example, work on systems of internal financial control will include our testing of controls on which we rely when forming our opinion on the annual accounts.

2.2. Risk based approach

The Code requires us to take a risk-based approach to audit planning. In carrying out our risk assessment we seek to gain an understanding of the Council, its responsibilities and the key challenges it faces. We assess the relevant risks that apply to the audited body on the basis of local circumstances and the Council's corporate governance arrangements.

We use this to:

- plan and perform our audit, determining where we direct our work and allocate our resources on the basis of materiality

and significance of the risks identified and our professional and statutory responsibilities

- consider the impact of risks in one area on the other areas of audit, ensuring that we adopt an integrated approach
- establish effective co-ordination with Internal Audit and various inspection agencies
- adopt a constructive and positive approach whilst providing independent scrutiny and assurance.

It is your responsibility to identify and address the Council's operational and financial risks, develop proper arrangements to manage them, including adequate and effective systems of internal control. We consider these risks and the arrangements that you have put in place to manage them in forming our assessment of where to direct our work.

The output from this process is this audit plan which outlines how we will meet our responsibilities in the light of our assessment. We have set out below our approach in each of the three main areas and discussed these with key officers.

2.3. Other responsibilities

As the appointed auditor, we are also responsible for the audit of grant claims. We carry out this work as an agent of the Audit Commission.

We have a responsibility to investigate formal objections and answer questions from local government electors relating to the accounts.

2.4. Development of our audit plan

We have developed our high level audit plan using the results of a preliminary risk assessment which was based on:

- Our knowledge of the Council gained from our work in our first year as the Council's auditors
- Discussions with lead officers
- Review of Committee agendas and minutes
- Participation in 'round table' meetings with representatives from various inspection agencies and officers and members of the Council as part of the improvement planning process
- Issues and risk identified by a more detailed planning process in 2002/3.

A full update of our risk assessment will be carried out in March/April 2004 and used as a basis for our 2004/5 audit plan.

2.5. Overall risk areas

Based on the procedures set out in section 2.4, we have identified the following general risk areas of audit concern:

- Continuing progress in delivery of Harrow's ambitious improvement plans
- Further improvements to financial management practices, in particular in the areas of capital programme management and Housing Revenue Account financial planning
- The Medium Term Budget Strategy and containing Council Tax increases
- Education funding
- E-government planning and implementation
- ALMO process

- Implementation of CIPFA's Prudential Code
- Development of governance and risk management arrangements, including the need to publish a Statement of Internal Controls for the first time
- Advanced publication timetable for accounts.
- Improving benefit arrangements to national standards in line with the recent BFI report.

Where appropriate, risks have been identified and audit response planned in the following section. In view of the short period covered by the performance element of our work, a number of risks will be carried forward and considered in our 2004/5 audit plan.

3. PLAN BY AUDIT AREA

3.1. Reviewing the financial aspects of corporate governance

3.1.1. Introduction

In reviewing the financial aspects of corporate governance, we consider the arrangements you have in place over:

- the legality of transactions that might have significant financial consequences
- the financial standing of the Council
- systems of internal financial control
- standards of financial conduct and the prevention and detection of fraud and corruption.

In each case it is your responsibility to put adequate arrangements in place. We review these arrangements, reporting where appropriate.

3.1.2. *Audit approach, preliminary risk assessment and planned audit response*

The legality of transactions that might have significant financial consequences

We consider the adequacy of arrangements; review national issues raised by the Audit Commission; take reasonable steps to inform ourselves of significant financial transactions or events in the period that are unusual or of questionable legality; and respond to specific issues raised with us by the Council.

We have not identified any significant residual risks in this area at Harrow which require specific audit attention.

The financial standing of the Council

We review arrangements to monitor the financial standing of the Council, paying attention to performance in the year, the ability to meet known obligations and responses to future developments and progress on the Medium Term Budget Strategy, reporting the results in the annual Audit Letter.

In February 2003, the Council published its first Medium Term Budget Strategy which we reviewed and commented on as part of our 2002/3 audit plan. We concluded positively on the progress the Council had made in developing its financial management practices, but identified a number of areas for further improvement.

From 1 April 2004, the existing capital controls regime will be replaced by the new prudential borrowing system. This is a more modern way of financing capital based on whether an authority's plans are prudent, affordable and sustainable, as assessed against indicators specified by the CIPFA Prudential Code. New forms of external borrowing will be possible, but only within specific constraints.

Residual risks at Harrow

The 2003/4 and 2004/5 financial years represent periods of significant financial change in the way in which the Council manages its resources and redirects funding to priority areas. There is also an objective to increase the level of balances, whilst investing in key areas such as ICT.

Officers have been making further changes to financial management practices, in particular in the areas of capital budgeting and programme management and financial management of the Housing Revenue Account.

Residual risks at Harrow (continued)
The new Prudential Code provides opportunities and challenges, in terms of setting indicators and monitoring compliance with these.
Audit response
Review 2003/4 outturn and 2004/5 budgets and later forecasts (including actual and forecast Council Tax increases and Education funding pressures) and assess financial position of the Council.
Follow-up our 2002/3 report on the Medium Term Budget Strategy.
Review how the Council has set its prudential indicators for 2004/5 and how it is monitoring compliance during the year.

Systems of internal financial control

As part of our planning work, we first:

- document our understanding of the key transaction cycles through a review of systems documentation held by Internal Audit and by departments, supplementing this with discussions with officers
- carry out walk-through tests to confirm our understanding of systems and controls
- consider the impact of our findings on our approach to the audit of the financial statements.

We have identified the following key transaction cycles:

Housing and Council Tax benefits administration

Payroll

Other expenditure

Revenue – Council Tax

Revenue – Business Rates

Revenue – Housing Rents

Revenue – Other

Fixed assets*

Treasury (i.e. cash, investments and loans)*

(*not included in our controls assurance strategy – see below)

For those transaction cycles included within our controls assurance strategy, we then design and carry out tests of controls to give us assurance for the purposes of our opinion on the financial statements. We adopt a rotational plan to testing controls, looking at each business cycle at least once every five years and earlier if there has been a material system change. We seek to place reliance on the work of Internal Audit to reduce the amount of work we carry out in documenting and testing transaction cycles.

For the 2003/4 financial statements, in view of system changes, Internal Audit will test all transaction cycles covered by our controls reliance strategy (above), apart from payroll here limited procedures will be carried out to confirm that the system continues to operate as previously documented. Going forward Internal Audit plan to carry out testing of key controls in the main transaction cycles over a three year cycle period. A cycle will be looked at earlier if a review is triggered by one of several circumstances. Internal Audit's approach in this area provides a good fit with our own approach.

As part of our detailed planning work, we will carry out a assessment of Internal Audit role, scope, independence and effectiveness to support this planning decision, together with a review of the relevant working papers from their key controls work.

In our 2002/3 Audit Letter, we commented on developments in internal audit arrangements at Harrow. Although resources are expected to increase, the increase has been phased. Internal Audit are re-examining their plan in the light of this deferral.

Our proposed fee assumes that planned audits for 2003/4 will be completed on a timely basis, that all key control objectives will be addressed within the transaction cycles and that testing will cover the whole of the financial year.

Almost all of the Council's financial transaction processing and management information is carried out using automated systems. Given the importance of IT to the Council's financial systems and operations, each year we assess the general controls within the computer environment with assistance from our computer audit specialists. We adopt a rotational approach to this work. The rotational plan will be developed after discussions with Internal Audit and the IT Manager.

Our work last year identified a number of concerns in relation to general computer controls.

Risk management processes are in the process of being reviewed and upgraded by Harrow. In 2004, the Council will have to publish a Statement of Internal Controls alongside its Statement of Accounts. The Council's progress in developing its risk management practices will form a key part of its assessment in making the statement.

Specific risks at Harrow

Internal Audit, based on their own risk assessment, and benchmarking against other London Boroughs, has been historically underresourced, putting pressure on their capacity to cover the control environment as required.

We noted at the end of 2003 that the Council had a programme of work in place to develop a comprehensive strategic and service based risk management framework, but this is at an early stage, with pockets of current practice in place. This will impact on the content of the 2003/4 published Statement of Internal Control.

Our 2003 review of general computer controls identified a number of concerns.

Audit response

Monitor Internal Audit resourcing and impact on strategic internal audit plan.

Monitor continuing development of risk management processes at Harrow.

Review of proposed Statement of Internal Controls in advance of publication.

Focused follow-up of action taken in response to recommendations for strengthening the computer control environment.

Standards of financial conduct and the prevention and detection of fraud and corruption

We review overall arrangements against a checklist of good practice developed by the Audit Commission.

We will seek to place reliance on the work of internal audit, particularly with regard to specific areas which may be susceptible to fraud, theft and corruption.

It is not the auditors' function to prevent or detect breaches of proper standards of financial conduct, or fraud and corruption. However, if we become aware of weaknesses in this are we will report these to the management and the relevant committee.

Specific risks at Harrow
In 2003, Harrow was inspected by the Benefits Fraud Inspectorate. Their report, issued in August 2003, raised a number of concerns about internal security and counter-fraud arrangements.
Audit response
Track Council's progress in implementing recommendations made by BFI in relation to benefit fraud arrangements.

3.2. Auditing the accounts

3.2.1. Introduction

The Chief Financial Officer is responsible for ensuring that proper accounting records are maintained. Each year she and her staff will prepare financial statements designed to present fairly the financial position of the Council and its expenditure and income and comply with the Statement of Recommended Practice in Local Authority Accounts (SORP). We are also required to issue a separate opinion on the 2003/4 accounts of the Council's pension scheme.

3.2.2. Audit approach, preliminary risk assessment and planned response

We carry out an audit in accordance with relevant auditing standards issued by the Auditing Practices Board and other relevant professional guidance.

We plan and perform our audit to be able to provide reasonable assurance that the financial statements are free from material misstatement and are fairly presented. The assessment of what is material is a matter of professional judgement and includes consideration of both the amount (quantity) and the nature (quality) of misstatements. The assessment of materiality during audit planning assists in the determination of an efficient and effective audit approach. The level of materiality also determines the extent of work performed. The assessment of materiality during audit planning may differ from that at the time of evaluating the results of audit procedures. This may be because of a change in circumstances or a change in our knowledge as a result of the audit.

In our interim audit visit, we obtain an understanding of the accounting and the internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to form an opinion whether proper accounting records have been maintained by the Council. Our understanding of the internal control systems forms the basis of our audit approach. Internal controls comprise your control environment and the control procedures. The audit procedures we perform during our audit will be a mix of control and substantive testing. The nature and extent of our procedures varies according to identification of areas of greater than normal risk of material misstatement and our assessment of the Council's accounting system and, where we wish to place reliance on it, the internal control system and cover any aspect of the business operations that we consider appropriate. Where we identified a specific risk of a material misstatement which is more than normal we perform substantive testing directed at providing us with evidence that the risk has been addressed or perform tests of controls that focus on mitigating such risks.

We will report to, and discuss the results of our audit of the financial statements with, the relevant committee of the Council. The relevant

committee and meeting date should be planned and advised to us as soon as possible.

The national timetable for approval and audit of the financial 2003/4 statements has been advanced by one month. This new timetable is achievable for the Council, but will require additional planning and tight central control of the process. We will meet with key officers involved in the accounts process to discuss improvements to arrangements.

Specific risks at Harrow
The accounts and audit process needs to be shortened if Harrow is to meet the revised statutory timetable for the publication of its financial statements.
The Council needs to ensure it has agreed arrangements for members to receive a report on the outcome of the audit and to approve the accounts following the audit.
The Council will need to implement the accounting provisions of Financial Reporting Standard 17 (FRS17) in relation to pension costs for the first time in its 2003/4 accounts.
In our report to members on the findings from our audit of the financial statements last year, we identified a number of issues which are likely to have ongoing relevance.
Audit response
Meeting with key officers involved in the final accounts process in advance of the year end to discuss arrangements for the 2003/4 audit.
Liaise with Council officers on the arrangements for audit reporting and approval of the accounts by the Authority.
Focused review of implementation of changes to the Local Government Statement of Recommended Practice, in particular the accounting for pension costs.

Audit response (continued)

Focused testing to ensure that the items reported to committee last year in relation to the 2002/3 accounts have been properly addressed in preparing the 2003/4 accounts.

3.3. Reviewing aspects of performance management

It is the Council's responsibility to put in place proper arrangements to manage its performance, secure economy, efficiency and effectiveness in its use of resources. We review and, where appropriate, report on these arrangements.

The majority of our audit work to be carried out in 2004 will be covered in the 2004/5 audit plan. In the five month period to 31 March 2004 we propose to carry out a review of member scrutiny arrangements at Harrow. This is a study identified from the improvement planning process and discussions with the Chief Executive and at the January 2004 roundtable meeting with the Audit Commission and other inspectorates.

We will also carry out a brief review of Harrow's recently agreed ICT strategy. This study has been deferred from 2002/3 as a result of later than expected production of the strategy document.

During 2004, we will also have a role reviewing the Council's Best Value Performance Plan (BVPP). However, as the BVPP relates to 2004/5, this work will be included in our audit plan for that year.

As last year we will need to issue an opinion on performance indicator systems. We have not yet received the final scope for this piece of work (from the Audit Commission), but we anticipate, similar to last year, that this will involve selecting a sample of Best Value Performance Indicators (BVPIs) on the basis of a risk analysis

and carrying out limited review and testing procedures. Again this will be reflected as part of our 2004/5 work.

3.4. Grants

3.4.1. Introduction

The Audit Commission is responsible for auditing grant claims. We act as their agents for this work, carrying out testing in accordance with grant instructions issued annually by the Audit Commission.

3.4.2. Our approach

We will establish a joint monitoring system between ourselves and a grant claims co-ordinator which will enable us both to track progress in auditing claims, providing early warning of any problem issues. We will also meet with key contacts to brief them on documentation requirements.

Once we have completed our work we will issue our report to the relevant government department or agency, and supply a copy to the authority.

We will assess the year's claims and summarise the problems encountered and any issues which led us to report on or to amend a claim in a report to officers. This will be fed back through meetings with key officers and/or formal report.

3.5. Objections and questions

3.5.1. Rights, powers and duties

We have a responsibility to investigate formal objections and answer questions from local government electors relating to the accounts. In carrying out such work we have the right to ask questions of, and

demand documents from, anyone who we believe may hold information relevant to our investigation. Since the enactment of the Local Government Act 2000 there have been some changes to the law relating to such challenges, however we still have the following rights:

- to apply to the courts for a declaration that an item of account is unlawful
- to consider whether there has been a failure to account for any sum or a loss or deficiency caused by wilful misconduct

4. AUDIT FEE AND TIMETABLE

This compares to the fee charged for the year to 31 October 2003 as follows:

4.1. Basis of audit fee

The 'Fee for the Audit' is a fixed fee to be agreed in advance between ourselves and the Council for an agreed range of audit outputs. It is based on delivering an agreed range of audit products, to an agreed timetable for a fixed price to meet the core audit objectives as set out in the Audit Commission's Code of Audit Practice.

Our fee proposal assumes in particular that:

- The draft financial statements and working papers we request for audit purposes are available at the agreed date and we have adequate access to key officers through the accounts audit process.
- Internal financial controls are adequate for controls assurance purposes.
- Internal audit work has been carried out in accordance with the internal audit plan, addresses the key control objectives for the fundamental financial systems covered by those planned audits and that testing covers the whole of the financial year.

Our fee excludes inspection work which is covered within the inspection fees charged by the Audit Commission separately.

4.2. Proposed audit fee

Based on the above principles, we are proposing a total audit fee of £224,000, excluding VAT.

	£000
2002/03 proposed fee	285.0
Less: scope reduction due to shortened period:	
BVPP	(15.0)
Audit of BVPIs	(32.0)
Performance management studies	(20.0)
Adjusted base fee	218.0
3% increase in our input costs	6.0
2003/04 fee proposal	224.0

An analysis of the proposed fee is given below.

	Proposed	Planned
	This period	Last year
	£000	£000
Planning and baseline risk assessment	20.5	20.0
Financial aspects of corporate governance <i>(Products: Reports on financial governance findings)</i>	80.5	78.0
Accounts <i>(Products: Annual accounts opinion, 'SAS 610 report' on audit findings)</i>	82.5	80.0
Performance management (Notes 1) <i>(Products: Report on ICT strategy; report on member scrutiny arrangements; report on BVPIs)</i>	40.5	107.0
	224.0	285.0

Note 1: The fee includes an indicative fee of £20,000 for the review of scrutiny arrangements. The scope of this project, and in particular the extent of involvement of Council Officers in the study, has not yet been finalised.

Note 2: The following variances occurred between planned and actual fees last year - £10k additional fee for auditor scored judgement input to CPA specifically excluded from audit plan as a decision has not been made by the Commission on this work at that time; £4k additional fee for auditors' letter on PFI accounting treatment outside of scope of original plan; £16k additional fee for accounts work as a result of cost overruns caused by delays in receiving information discussed in our Audit Letter; Deferral of audit of ICT strategy (£10k) and corporate performance management system work (£20k) to 2003/4 and 2004/5 plans respectively.

4.3. Invoicing arrangements

The fee in section 4.2 will be invoiced in accordance with the following schedule:

28 February 2004 - £31,000

31 March 2004 - £32,000

Remainder in seven equal monthly instalments of £23,000, starting 30 April 2004.

Fee for review of member scrutiny arrangements to be billed on commencement of fieldwork.

Invoices are due for settlement within 14 days from presentation.

4.4. Other fees

4.4.1. Grant fees

Grant claim fees will be charged on the basis of time spent and at rates advised by the Audit Commission which reflect the experience of staff used.

Due to the differing number of claims required to be certified each year, changes to scheme rules and issues arising it is difficult to quote in advance for such work. In particular, central government departments often change the rules as to whether claims need auditing and the procedures which they require to be carried out during the year.

Our fees for the 2002/3 grants programme have not been finalised as the work is in progress or has not commenced on a number of claim

audits. Our latest estimate of our costs for that year at Audit Commission rates is £261,000.

4.4.2. Fees for challenge work

This work is by necessity both unplanned and, due to the often sensitive nature, carried out by senior members of the engagement team. Accordingly the Audit Commission has advised that it should be billed at the skill-related fee rates for challenge work:

Where we take legal advice we will also recharge the costs of such advice to you.

There were no fees charged for this work in respect of 2002/3.

4.4.3. Other non core work

We recognise, with the Council going through its major improvement agenda, there may be areas other than those set out in this plan and above those requiring a response under our audit risk assessment where we can provide specialist assistance. We would be pleased to discuss any such areas, in the context of any such work remaining consistent with our external audit role. Fees for the work would be based on the Audit Commission's grade related fee scales for the relevant specialist involved.

4.5. Timetable and audit products

Activity	Timing of fieldwork	Output	Due date
<i>Participate in roundtable meeting on improvement planning and contribute to development of the Relationship Manager's joint audit and inspection plan. Agree overall audit plan</i>	January and February 2004	Audit Plan	Draft to finance management – 1 March 2004 Final to Overview and Scrutiny Committee and Cabinet – dates to be arranged
<i>Carry out detailed audit risk assessment and planning procedures.</i>	January 2004 to April 2004.	Internal agreement of work programmes.	
<i>Review general computer controls</i>	May 2004	Separate report	30 June 2004
<i>Review overall arrangements to prevent and detect fraud and corruption</i>	July 2004	Inclusion of points, by exception, in draft governance memorandum	
<i>Review of Internal Audit and their work on key controls</i>	Review of overall arrangements – April 2004 Review of working papers for key controls work expected to be complete by 30 June 2004 - July 2004	Inclusion of points, by exception, in draft governance memorandum	15 September 2004
<i>Performance management</i>	January to March 2004 – review of ICT strategy March to April 2004 - review of member scrutiny arrangements	Reports on ICT strategy and member scrutiny arrangements	31 March 2004 and 30 April 2004, respectively
<i>Final audit visit</i>	w/b 30 August 2004 – visit to inspect requested working papers, meet with finance managers to request additional working papers and initial review of draft financial statements document 6 September 2004 for six weeks – main audit visit	SAS 610 report on audit findings Audit opinion on financial statements Audit opinion on summarised financial statements	SAS 610 report to committee – date to be arranged Approval of accounts following audit – date to be arranged Opinion by 30 November 2004
<i>Financial standing work</i>	September and October 2004	Comments in Audit Letter	By 31 December 2004
<i>Legality arrangements</i>	September and October 2004	Comments in Audit Letter	By 31 December 2004
<i>Issue audit letter</i>	November and December 2004	Audit Letter	Date to be advised by Audit Commission

5. OUR SERVICE TEAM

Our audit team will mainly be drawn from our London North office, based in St Albans. We have detailed below the senior members of the audit team who will lead the work. Nigel Johnson will be the partner responsible for our services to you.

<p>Nigel Johnson 01727 885178 njohnson@deloitte.co.uk</p>	<p><i>Appointed Auditor and Lead Audit Partner</i></p> <p>Primary responsibility for the audit, client service, work on objections and questions from local electors.</p> <p>Experienced audit partner with extensive range of public sector audit experience in Local Government and Health sectors. Leads the firm's Audit Commission work and is Contact Partner for the Audit Commission. Also has wide range of private sector experience.</p>
<p>Angus Fish 01727 885038 afish@deloitte.co.uk</p>	<p><i>Lead Manager</i></p> <p>Responsible for client service on day-to-day basis.</p> <p>Wide range of private and public sector audit experience.</p>
<p>Vincent Marke 01727 885205 vmarke@deloitte.co.uk</p>	<p><i>Manager</i></p> <p>Assist with planning, supervision and control of the audit.</p>
<p>Richard Lawson 01727 885289 rilawson@deloitte.co.uk</p>	<p><i>Manager</i></p> <p>Responsibility for management of grants programme.</p>

<p>Ryan Loughins 020 70076193 rloughins@deloitte.co.uk</p>	<p><i>Senior Manager</i></p> <p>Responsibility for delivery of computer audit work.</p> <p>Computer audit specialist in our London Office carrying out this work across our council clients.</p>
<p>Rhonda Wootten 01727 885652 rwootten@deloitte.co.uk</p>	<p><i>Senior Manager</i></p> <p>Carries our performance studies at local government sites.</p>

APPENDIX

Statement of responsibility

The Audit Commission published a ‘Statement of responsibilities of auditors and of audited bodies’ alongside the Code. The purpose of this statement is to assist auditors and audited bodies by summarising where, in the context of the usual conduct of the audit, the different responsibilities of auditors and of the audited body begin and end, and what is expected of the audited body in certain areas. The statement also highlights the limits on what the auditor can reasonably be expected to do. It confirms that the audit cannot be expected to:

- identify all weaknesses that may exist either in the audit body’s internal controls over financial systems or in the body’s financial plans, projections or budgets
- remove the possibility that fraud, irregularities or corrupt practices have occurred and remained undetected, nor is it the auditors function to prevent fraud and irregularities though we will be alert to the possibility and will act with no undue delay if grounds for suspicion come to our notice.

It remains your responsibility to identify and address operational and financial risks and develop proper arrangements to manage them, including adequate and effective systems of internal control.

Our audit plan has been prepared on the basis of the Code and the Statement of Responsibilities, copies of which have been provided to the Council by the Audit Commission.

The audit sometimes includes the performance of national studies developed by the Audit Commission, where the auditors are required to follow the methodologies and use the comparative data provided

by the Commission. Responsibilities for the adequacy and appropriateness of these methodologies and the data rests with the Audit Commission.

Quality of service

If, at any time, you believe our service to you could be improved, or if you are dissatisfied with any aspect of our service you should raise the matter with the partner responsible for providing our audit service to you. If you would prefer to discuss the matter with someone other than that partner, or if you wish to make a complaint, please call or write to Mr Roger Miles, the partner in charge of our St Albans office. If we are unable thus to satisfy your concerns, you have the right to take the matter up with the Audit Commission (details are given in the Audit Commission publication ‘What you can expect from your external auditors’, copies of which can be provided if required).

Independence

Our audit engagement with the Audit Commission for your Council requires us to confirm and maintain our firm’s independence from the Council and its members and officers. Our checks on appointment have not revealed any conflicts that either prevent us from acting for the Council, or require specific arrangements to ensure our ongoing audit independence. We ask that the Council, its members and officers alert the Appointed Auditor as to any new relationship with Deloitte & Touche LLP or any of its staff so that this can be considered in this context.