

Annual Audit Letter

CNC Building Control Partnership Joint Committee
Audit 2008-2009
December 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Key messages

This report summarises the findings from my 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit Opinion

- 1 I issued an unqualified opinion on the financial statements on 16 December 2009.
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Financial Statements

- 2 The financial statements submitted for audit were complete. However, working papers could be improved. We found no material errors in the accounts although we have agreed a number of small amendments to the accounts and disclosure notes with officers.
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Value for money

- 3 Our work on the Joint Committee's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We issued a qualified value for money conclusion on 16 December 2009.
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Audit Fees

- 4 The agreed audit fee for the 2008/09 audit was £10,500. The actual audit fee is in line with the budget.
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Independence

- 5 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.
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Financial statements and annual governance statement

The Joint Committee's financial statements and annual governance statement are an important means by which the Joint Committee's accounts for its stewardship of public funds.

Significant issues arising from the audit

- 6 I identified a number of errors in the financial statements and reported these to management. Management adjusted the financial statements for these errors.
 - 7 The key amendment to the accounts was the increase of the debtors and creditors balance by £13,000. This was required as the sales ledger control account was found to have included unallocated cash receipts. It was not clear whether these amounts are overpayments or related to other debts. In addition to the amendment to the accounts, the Joint Committee needs to take action to establish the nature of these unallocated cash receipts and if necessary seek to refund these amounts.
 - 8 This issue was raised in our Annual Governance Report to members and a recommendation was made to seek to address this issue going forward.
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Material weaknesses in internal control

- 9 With the exception of the above issue, I did not identify any further significant weaknesses in your internal control arrangements.

Value for money conclusion

I assessed whether the Joint Committee put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

VFM Conclusion

- 10** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body.
- 11** I issued a qualified conclusion stating that the Joint Committee had proper arrangements to secure economy, efficiency and effectiveness in its use of resources except in two areas outlined below.
- 12** I identified weaknesses in your arrangements to:
 - promote and demonstrate the principles and values of good governance; and
 - manage risks and maintain a sound system of internal control.
- 13** The specific weaknesses in these areas have been identified below and recommendations were made in the Annual Governance Report to seek to address the areas of weakness.

Promoting and demonstrating the principles and values of good governance

- 14** The Committee does not have its own formal counter fraud and corruption policy nor arrangements in place to receive and investigate allegations of breaches of proper standards of financial conduct. These issues were identified in last year's annual governance report and are also identified as a significant governance issues in the Committee's 2008/09 annual governance statement.
- 15** I also found that the roles and responsibilities of the Joint Committee's members and senior officers are not published.

Management of risks and maintaining a sound system of internal control

- 16** Although risks have been identified, there are no specific risk management or control procedures in place to mitigate the risks identified and no allocation of responsibility for the control and mitigation of the risks existed in 2008/09. Also there is no evidence that risks were linked to strategic objectives. Again, these issues were identified in last year's annual governance report and are also identified as a significant governance issues in the Committee's 2008/09 annual governance statement.

Closing remarks

- 17 Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the Annual Governance Report issued to the Joint Committee earlier in the year.
- 18 The Joint Committee has taken a positive and constructive approach to our audit. I wish to thank the Joint Committee staff for their support and co-operation during the audit.

Rob Murray
District Auditor
December 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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