

Annual Governance Report

City of York Council

Audit 2007/08

Date

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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.

Summary

Purpose

- 1 This report summarises the findings from our 2007/08 audit, which is substantially complete. It identifies the key issues that you should consider before we issue our opinion, conclusion and certificate.
- 2 This report includes only matters of governance interest that have come to our attention in performing our audit. Our audit is not designed to identify all matters that might be relevant to you.

Financial statements

- 3 Our audit of your financial statements is still underway. We have encountered difficulties with the Council's supporting working papers and this has delayed our work. We are still completing our audit work on elements of the income & expenditure account, balance sheet, housing revenue account, collection fund and cash flow statement.
- 4 Subject to the satisfactory resolution of matters outstanding we intend to issue an unqualified audit opinion on the financial statements by 30th September 2008.
- 5 We reported last year that the Council needed to improve its closedown procedures in order to produce accounts and working papers to the required standard by the required deadline. It is disappointing to report that the Council has not made progress to address the weaknesses we identified last year. There have been delays in producing the fixed asset register, a key working paper, which we only received on 8th September. The delay in receiving this working paper has increased the risk that we will not be in a position to give our audit opinion by the 30th September. The quality of many working papers has been below the expected standard.
- 6 In addition, the production of the draft accounts fell behind the Council's timetable and the final draft accounts were not available before the Audit & Governance Committee meeting where the accounts were scrutinised. The Audit & Governance Committee meeting was held in advance of the deadline for approval because of the administrative arrangements that the Council has in place. The scrutiny of the accounts was, as a result, less effective and less robust than should be the case.

Value for Money

- 7 Based on the work carried out, we intend to issue an unqualified conclusion on your arrangements for securing economy, efficiency and effectiveness in the use of your resources.

Next steps

- 8 We ask the Audit & Governance Committee to:
 - recommend the financial statements for approval;

- decide whether to adjust the financial statements as set out in our recommendations;
- approve the representation letter on behalf of the Council before we issue our opinion, conclusion and certificate; and
- agree the proposed action plan.

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Financial statements and Annual Governance Statement

- 9 The Council's financial statements and Annual Governance Statement (AGS) are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for the financial statements and AGS so it is important that you consider our findings before you adopt them.
- 10 In planning our audit we identified specific risks and areas of judgement that we have focused on during our audit. We report to you the findings of our work in those areas.
- 11 In addition, auditing standards require us to report to you:
 - the draft representation letter which we are asking management to sign;
 - our views about the Council's accounting practices and financial reporting;
 - errors in the financial statements;
 - any expected modification to our report;
 - weaknesses in internal control; and
 - certain other matters.
- 12 Our audit of the financial statements is still in progress. We have experienced delays to our audit because of the availability of staff and the quality and preparedness of some key working papers. We have still to complete our work on elements of the Income & Expenditure Account, the Balance Sheet, the Housing Revenue Account, the Collection Fund, and the Cash Flow Statement.

Key areas of judgement and audit risk

- 13 Our findings on the key areas of judgement and audit risk are set out in Table 1.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
Revised accounting for assets and liabilities from CIPFA's adoption of accounting standards relating to financial instruments	Council's treatment has been in line with the accounting standards for the 2007-08 entries, but the 2006-07 comparatives have not been treated correctly as, in our view, they differ from SORP guidance.
Revised accounting treatment of fixed assets and reserves from CIPFA's adoption of a revaluation reserve	Council's treatment has been in line with the accounting standards
Prior year audits identified errors with fixed	Council has cleansed the fixed asset data and has reported a prior period

Issue or risk	Finding
asset accounting.	adjustment. Although we have not identified any errors so far on fixed asset accounting, we have yet to fully complete our audit work on fixed assets.

Recommendation
R1 Amend the 2006-07 comparatives, removing the financial instrument accounting adjustments.

Draft representation letter

14 Before we issue our opinion, auditing standards require us to obtain from you and management, written representations that:

- you acknowledge your collective responsibility for preparing financial statements in accordance with the applicable financial reporting framework;
- you have approved the financial statements;
- you acknowledge your responsibility for the design and implementation of internal controls to prevent and detect fraud and error;
- you have told me the results of your assessment of the risk that the financial statements might be materially misstated because of fraud;
- you have told me any actual or suspected fraud by management, employees with significant roles in internal control or others (where the fraud could have a material impact on the financial statements);
- you have told me of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- you have told me about all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing financial statements;
- you have assessed the reasonableness of significant assumptions, including whether they appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Council where relevant to the fair value measurements or disclosures;
- you are satisfied that all related parties requiring disclosure in the financial statements have been disclosed and that the disclosure is adequate;
- you are satisfied that the individual or collective impact of errors we have identified, but that you have not corrected, is not material; and

Financial statements and Annual Governance Statement

- cover areas where other sufficient appropriate evidence cannot reasonably be expected to exist, for example the completeness of the disclosure of contingent liabilities.

15 Appendix 1 contains the draft of the letter of representation we seek from you.

Accounting policies and financial reporting

16 We consider the qualitative aspects of your financial reporting. Table 2 contains one issue we want to raise with you. In addition there are several small typographical errors in the financial statements which officers intend to amend for, but these are considered trivial and not reported here.

Table 2 Accounting practice and financial reporting

Issue	Finding
The financial information in the explanatory foreword should agree to or reconcile with the information in the financial statements	Some items are inconsistent and should be corrected to accurately present the financial information

Recommendation

R2 Amend the explanatory foreword to the accounts to make it consistent with the financial statements.

Errors in the financial statements

- 17 We identified errors in the financial statements (other than those of a trivial nature) and reported these to management.
- 18 Officers have agreed to adjust the financial statements for the errors identified in Table 3, all of these relate to the incorrect adjustment of the 2006/07 comparators in the 2007/08 accounts. However, because of the need for members to be fully aware of the accounts that they are responsible for, we are reporting these errors to you.

Table 3 Corrected errors in the financial statements

Issue	Originally disclosed value £'000	Correct value £'000	Adjustment made £'000
2006/07 comparators have been re-stated to take into account the Financial Instrument accounting changes. Specific items are listed below.			
Balance sheet			
Debtors	£30,343K	£31,168K	£825K
Temporary investments	£37,875K	£37,050K	-£825K
Creditors	£37,579K	£39,177K	£1,598K
Long term loans due within 12 months	£5,598K	£4,000K	-£1,598K
Financial instrument adjustment account	-£2,715K	£0	£2,715K
Deferred assets	£22,029K	£26,086K	£4,057K
Long term loans	£98,184K	£99,365K	£1,181K
Deferred liabilities	£23,188K	£23,374K	£186K
General fund balance	£13,878K	£13,853K	£25K
Income & expenditure account - Interest payable	£4,790K	£4,764K	-£26K
Statement of the Movement on the General Fund balance - Finance costs per SORP	-£51K	£0K	£51K

The audit report

- 19 We plan to issue an unmodified report including an unqualified opinion on the financial statements. Appendix 2 contains a copy of our draft report.

Material weaknesses in internal control

- 20 We have not identified any weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not aware.

Other matters

- 21 We reported in last year's Annual Governance Report that we had experienced considerable difficulties with the audit because of the availability and quality of the supporting working papers produced by officers. We included a number of helpful suggestions and recommendations to enable the Council to produce working papers of the required standard by the end of June.
- 22 It is disappointing to report that there have been difficulties again this year, and that the Council's response to the problems last year has been inadequate to address the problems. Little progress was made on addressing the fundamental closedown problems between the end of September 2007 (when we issued the 2006/07 Annual Governance Report) and the end of February 2008 (when the Head of Finance took up the post).
- 23 The majority of the working papers have been available when auditors have required them, although one notable exception is the fixed asset register. We requested this key working paper at the start of July, and received it on the 8th September. The fixed asset entries in the financial statements should be driven by the entries in the fixed asset register, and the lack of availability of this working paper indicate fundamental weaknesses in the Council's arrangements. The delay in receiving the working paper has increased the risk that we will not have completed all our audit work in time to give an opinion on the accounts by 30th September.
- 24 The quality of the working papers has been generally below the required standard. Many do not explain where the entries have derived from, do not cross reference to other working papers, and some do not agree to the figures in the draft accounts. The impact of these lower standards has been that auditors have raised far more queries on the working papers than should normally be the case, and this has naturally impacted on the progress of the audit and the ability of officers to carry out their day to day activities. There are some examples of working paper files that are up to the required standard - those supporting the housing revenue account and cash flow statement are such examples.
- 25 The resources available to produce the accounts are less than is used at other Councils and requires more input from fewer officers particularly in Corporate Accountancy. Officers report that they have recruited additional officers to support the Corporate Finance Managers, and this should assist the accounts and supporting working papers to be produced earlier and to the required standard for 2008/09.
- 26 However it is our view that addressing the resources is only one part of ensuring that the accounts closedown process progresses smoothly and to timetable. Officers accepted our recommendation last year to produce a detailed project plan to manage the closedown process in 2007/08. We have seen no evidence of a project plan or project management techniques being used to manage the closedown process.

- 27 We have revisited the recommendations relevant to this year's closedown and audit, that we made last year and report in Table 4 the progress made. We have repeated the recommendations again this year where the response from the Council has been inadequate or incomplete.

Table 4 Council progress in addressing 2006/07 recommendations

The Council has made slow progress addressing the recommendations

2006/07 Recommendation	Responsible officer	Progress in 2007/08
R3 Produce comprehensive supporting working papers to the required timetable	Head of Finance	Most working papers were available for audit by the required timetable. However the fixed asset register, a key working paper, was not available until the start of September. The quality of working papers has generally not met the agreed required standards (see R5 below), and although there are some good practice working papers, more work is needed to improve the trail of evidence from the accounts to the prime records that the accounts are reporting.
R4 Improve communication between the Council's finance staff	Head of Finance	Communication between corporate accountancy and directorate finance managers is more co-ordinated. However communication within corporate accountancy needs to be improved.
R5 Agree working paper requirements, including the required standards, before the start of the closedown process	Head of Finance and AC Audit Manager	Working paper requirements and standards were agreed in early March 2008.
R6 Produce a detailed project plan to manage the closedown process in 2007/08	Head of Finance	No evidence of project planning or project management being used.
R7 Enhance the senior officer review of the financial statements to incorporate a review of key working papers	Director of Resources and Head of Finance	Director post has been vacant over the key period and Head of Finance, in addition to her existing role, has been acting as s151 officer in this period.

Financial statements and Annual Governance Statement

2006/07 Recommendation	Responsible officer	Progress in 2007/08
		Head of Finance has reviewed the working papers produced by finance managers and corporate accountancy, but this review has been in July and August rather than before the draft accounts are produced and submitted for audit.

Source: Audit Commission Annual Governance Report 2006/07

- 28 The statutory requirements are that the Council produces its accounts by 30th June each year, and that these accounts are approved and adopted by the Council, or a constituted sub-committee on or before 30th June.
- 29 The approach adopted by York is that the Audit & Governance Committee scrutinises the accounts and questions officers on the accounts, but the approval and adoption are progressed through Executive and full Council meetings. This can lead to confusion over the roles and responsibilities of the respective meetings, and uncertainty as to the role of the scrutinising committee. This could be alleviated by combining the scrutiny and approval functions. In addition the need for three meetings to approve the accounts meant that the scrutiny meeting had to be held in advance of the 30th June, and this meant that officers were working to a tighter timescale than in other councils.
- 30 The scrutiny by the committee which is constitutionally responsible for financial governance, including presentation of the financial statements, is an important step and this role should be carried out comprehensively and robustly.
- 31 Because the accounts were not complete, and work was still ongoing to produce the accounts, this scrutiny process was not as effective as it should have been. A set of incomplete draft accounts were sent to Committee members in advance of the meeting. A different set of incomplete accounts were tabled at the meeting. Members pre-meeting scrutiny, and questions for officers, were therefore based upon incomplete and inaccurate accounts, and this affected the value and robustness of that important scrutiny process.
- 32 The Council has a timetable to produce the accounts in sufficient time, so that complete draft accounts are available to send out with the Audit & Governance Committee agenda papers, but has been unable to stick to the timetable for the past two years. Adopting project planning and project management principles for the closedown process should assist senior finance officers to take remedial action to rectify any delays.

Recommendation	
R3	Produce comprehensive supporting working papers that meet the required standard by 30th June 2009
R4	Produce a detailed project plan to manage the closedown process in 2008/09
R5	Enhance the senior officer review of the financial statements to incorporate a review of key working papers before the accounts are approved by the Council
R6	Final draft accounts should be available to be issued with the agenda papers for the Audit & Governance Committee meeting to scrutinise the accounts

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Value for money

- 33 We are required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. We assess your arrangements against twelve criteria specified by the Commission. Our conclusion is informed by our work on Use of Resources, a scored judgement reported to the Audit Commission.
- 34 We have assessed the arrangements of the Council as adequate in all 12 areas and we therefore propose to issue an unqualified conclusion.

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Formal audit powers

35 We have:

- a power to issue a public interest report. We do so where we believe this is necessary to draw a matter to your attention, or to that of the public;
- a power to apply to court for a declaration that an item in the Council's accounts is contrary to law;
- a power to issue an advisory notice. An advisory notice requires the Council to meet and consider the notice before:
 - making a decision that might give rise to unlawful expenditure; or
 - taking an unlawful course of action that would give rise to a loss; or
 - making an unlawful entry in the accounts; and
- a power to seek judicial review of a decision of the Council.

36 We have not and do not propose to exercise these powers.

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Independence

- 37 The Code of Audit Practice and the APB's Ethical Standards with which auditors must comply require that auditors act, and are seen to act, with integrity, objectivity and independence.
- 38 We confirm that we comply with the APB's Ethical Standards, that we are independent and that our objectivity is not compromised.
- 39 We communicate to you:
- any relationships between us and the Council, its members and senior management that might affect our objectivity and independence and any safeguards put in place;
 - total fees charged to you for audit and non-audit services; and
 - our arrangements to ensure independence and objectivity.

Relationships with the Council

- 40 We have identified no relationships that might affect objectivity and independence.

Audit fees

- 41 We reported our fee proposals as part of the Audit Plan for 2007/08. The table below reports the outturn fee against that plan.

Table 5 Audit fees

	Plan 2007/08	Estimated Actual 2007/08
Financial statements and Annual Governance Statement	74,500	79,500
Value for Money	121,105	121,105
National Fraud Initiative	1,050	1,050
Total Audit Fees	196,655	201,655

- 42 The analysis above shows that the problems we have encountered with the financial statements audit have meant that we have been unable to contain our audit fee within the totals you have already agreed. We have discussed the £5,000 extra fee with the Director of Resources as part of the discussions relating to this report.

Our arrangements to ensure independence and objectivity

- 43 We have comprehensive procedures to ensure independence and objectivity. These are outlined in Table 6.

Table 6 Arrangements to ensure independence and objectivity

Area	Arrangements
Independence policies	<p>Our policies and procedures ensure that professional staff or an immediate family member:</p> <ul style="list-style-type: none"> ● do not hold a financial interest in any of our audit clients; ● may not work on assignments if they have a financial interest in the client or a party to the transaction or if they have a beneficial interest in a trust holding a financial position in the client; and ● may not enter into business relationships with UK audit clients or their affiliates. <p>Our procedures also cover the following topics and can be provided to you on request:</p> <ul style="list-style-type: none"> ● the general requirement to carry out work independently and objectively; ● safeguarding against potential conflicts of interest; ● acceptance of additional (non-audit) work; ● rotation of key staff; ● other links with audited bodies; ● secondments; ● membership of audited bodies; ● employment by audited bodies; ● political activity; and ● gifts and hospitality.
Code of Conduct	<p>The Code of Conduct forms part of the terms and conditions of all Audit Commission employees. The Code states that staff have to comply with ethical guidance issued by their relevant professional bodies.</p>
Confidentiality	<p>All staff are required to sign an annual undertaking of confidentiality as a condition of employment.</p>

Appendix 1 – Draft management representation letter

To: John Prentice,
District Auditor
Audit Commission
Kernel House,
Killingbeck Drive,
Killingbeck,
Leeds, LS14 6UF

City of York Council - Audit for the year ended 31 March 2008

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of City of York Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2008.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. For the assumptions, I confirm:

- the appropriateness of the measurement method;
- the completeness and appropriateness under the financial reporting framework; and
- that subsequent events do not require adjustment to the fair value measurement.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. There are no undisclosed credit arrangements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Appendix 1 – Draft management representation letter

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Post balance sheet events

Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Signed on behalf of City of York Council

I confirm that the this letter has been discussed and agreed by the Council on [date]

Signed

Name

Position

Date

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Appendix 2 – Draft audit opinion

Independent auditor's report to the Members of City of York Council

Opinion on the financial statements

I have audited the accounting statements and related notes of City of York Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Council accounting statements comprise the Income and Expenditure Account, the Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies. This report is made solely to the members of City of York Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Director of Resources and auditor

The Director of Resources' responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Council accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007: the financial position of the Council and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures

I read other information published with the Council accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Council accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing

Appendix 2 – Draft audit opinion

(UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Council accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Council accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Council accounting statements and related notes.

Opinion

In my opinion the Council financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Council as at 31 March 2008 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Council's Responsibilities

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and, having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, City of York Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

Best Value Performance Plan

I issued my statutory report on the audit of the Council's best value performance plan for the financial year 2007/08 on 17 December 2007. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

John Prentice

District Auditor

Audit Commission
Kernel House,
Killingbeck Drive,
Killingbeck,
Leeds, LS14 6UF

[Date]

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Appendix 3 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
5	R1 Amend the 2006-07 comparatives, removing the financial instrument accounting adjustments	2	Corporate Finance Manager	Yes		30 Sept 2008
6	R2 Amend the explanatory foreword to the accounts to make it consistent with the financial statements	2	Corporate Finance Manager	Yes		30 Sept 2008
10	R3 Produce comprehensive supporting working papers that meet the required standard by 30th June 2009	3	Head of Finance	Yes		30 June 2009
10	R4 Produce a detailed project plan to manage the closedown process in 2008/09	3	Head of Finance	Yes		31 October 2008
10	R5 Enhance the senior officer review of the financial statements to incorporate a review of key working papers before the accounts are approved by the Council	3	Head of Finance	Yes		30 June 2009
10	R6 Final draft accounts should be available to be issued with the agenda papers for the Audit & Governance Committee meeting to scrutinise the accounts	3	Head of Finance	Yes		30 June 2009