



PUBLIC SECTOR

## **Annual Audit Letter 2008/09**

Northamptonshire County  
Council

22 December 2009

AUDIT

# Content

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document. External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Michael McDonagh who is the engagement partner to the Authority, telephone 0121 335 2440 , email michael.a.mcdonagh@kpmg.co.uk, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 236 4000, email trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Investigation Officer, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421



## Executive Summary

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### Purpose

This Annual Audit Letter (the Letter) summarises the key issues arising from KPMG LLP's (KPMG's) 2008/09 audit at Northamptonshire County Council (the Authority). Although this Letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public. The Letter will be published on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk). It is the responsibility of the Authority to publish the letter on its website.

Throughout our audit we have highlighted areas of good performance and also provided recommendations to help you improve performance. A summary of our key recommendations is in Appendix 1. We have reported all the conclusions in this Letter to you throughout the year and a list of all reports we issued is provided in Appendix 2.

### Scope of our audit

The statutory responsibilities and powers of appointed auditors are set out in the Audit Commission Act 1998. Our main responsibility is to carry out an audit that meets the requirements of the Audit Commission's *Code of Audit Practice* (the *Code*) which requires us to review and report on your:

- *Use of resources* – whether you have made proper arrangements for securing economy, efficiency and effectiveness (value for money) in your use of resources, summarised in section 2; and
- *Accounts* – the financial statements and the Annual Governance Statement for the Authority and the Pension Fund accounts, summarised in section 3.

### Key Messages

The key matters from our 2008/09 audit work which we draw to your attention are:

- In our use of resources assessment, the first under the Audit Commission's new regime, we assessed the Authority as performing adequately (level 2) overall and also for the three themes of managing finances, governing the business and managing resources. The scores are in line with those in the 2007/08 assessment, which is a good achievement given that the new assessment is deemed to be a harder test. This reflects that the Authority has systematically improved its performance through revised management structures and arrangements, and by implementing new strategies and processes across the organisation. This has also led to enhanced internal control and performance frameworks. Strategic asset management was the only area where the Authority did not meet core requirements and it will need to strengthen arrangements in this area in 2009/10. The Authority is aware of the issues and is actively responding to these.
- We issued our value for money conclusion for 2008/09 on 30 September 2009. Our conclusion was qualified as our use of resources assessment had found that the Authority did not have appropriate arrangements in place for managing its assets effectively.
- In addition to our use of resources assessment, the Audit Commission assesses how well the Authority manages its performance. This assessment considers how successful the Authority is in delivering its corporate priorities, improving its services and contributing to wider community outcomes. The Authority was assessed as performing well (level 3) for managing its performance.
- Both our assessment of the Authority's use of resources and the Audit Commission's assessment of managing performance form part of the organisational assessment, which is published on the new Oneplace website – [www.direct.gov.uk/oneplace](http://www.direct.gov.uk/oneplace). The Audit Commission determined that the Authority is performing adequately. The Audit Commission concluded that "while there is good leadership which is making changes and the Council has started to improve many services, some are adequate rather than performing well. Many of the changes made, such as improved financial management, have yet to make a big improvement on some people's lives. However, the Council is now in a much better position to improve than it has been in the past".

## Executive Summary (continued)

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- We issued an unqualified opinion of the Authority's accounts on 30 September 2009. At the same time we issued an unqualified opinion on the Pension Fund accounts. We consider that the Authority has demonstrated its commitment to improving the accounts process in the year. In particular:
  - we noted an improvement in the quality of the accounts and supporting working papers; and
  - the level and significance of adjustments to the accounts had reduced from the previous year.

This is a reflection of the improvements the Authority has made to the closedown process, additional resources allocated to this task, improved knowledge of technical accounting areas within the finance team, and the significant work completed to address prior year issues and emerging risk areas. However, the Authority will need to further strengthen and refine its closedown processes to make the step change required to deliver robust quality accounts and meet the challenge of preparing accounts in line with International Financial Reporting Standards.

We reported our detailed findings on the use of resources assessment and accounts audit in our *Interim Audit Report* issued in May 2009 and in our *Reports to Those Charged With Governance* issued for the County Council and the Pension Fund in September 2009.

### Fees

Our final fee for the 2008/09 audit of Northamptonshire County Council was £435,575. This compares to a planned fee of £343,700. The additional costs are explained in Appendix 3.

In addition we charged £70,000 for the audit of the Pension Fund and £15,535 for tax advice in relation to a claim submitted to HM Revenue & Customs to recover approximately £800,000 of overpaid VAT.

### Future Issues

We have highlighted a number of issues that the Authority will need to consider in the future:

- The latest pre budget report has stated that there will be significant pressure on local authorities' funding in the medium term. This will increase the need for local authorities to have comprehensive efficiency programmes supported by sound financial management arrangements. It is likely that bold measures will be required to generate sufficient savings to mitigate the impact on priority services. More than ever before, Officers and Members will need to focus on identifying these significant savings measures and ensuring that robust arrangements are in place to monitor their delivery to ensure they are realised. The Authority will need to update its medium term financial strategy and model the impact of the funding changes.
- Sustainability performance - The Treasury is developing guidance for 2010/2011 which will require all public sector bodies to report publicly on sustainability performance in their annual reports. CIPFA is in discussion with the Treasury about when and in what form this requirement will be formalised for local authorities and the audit requirements. Sustainability reporting will be difficult to implement and the Authority will need to ensure that it has adequate information processes to collect and report the data.
- Local authorities are required to prepare their financial statements under International Financial Reporting Standards (IFRS) from 2010/11. This will require the Authority to restate its opening balance sheet at 1 April 2009 and the 2009/10 accounts under IFRS to form the comparatives in the 2010/11 accounts. The Authority has a project plan in place and has made good progress to date which has been reported to the Audit Committee. It is aware of a number of areas in which it needs to focus its work in the next six months.

### Acknowledgement

We would like to thank the Authority's management and staff for the help, support and co-operation they have provided throughout our audit. We will shortly issue our audit plan for our 2009/10 accounts audit and look forward to working closely with the Authority in the coming year to deliver this programme of work.

## Section two

# Use of resources

### Introduction

The main elements of our use of resources work are:

- *Use of Resources – County Council* - from 2008/09, the Audit Commission introduced a new use of resources assessment framework which forms part of the Comprehensive Area Assessment (CAA). This replaced the former assessment which was predominantly focused on processes. The scope of the new regime is wider as it also considers whether public bodies have achieved significant and sustainable outcomes for local people. The use of resources assessment comprises three Key Line of Enquiry (KLOE) themes:
  - Managing finances – focusing on sound and strategic financial management;
  - Governing the business – focusing on strategic commissioning and good governance; and
  - Managing resources – focusing on the management of natural resources, assets and people.
- *Use of Resources – Fire and Rescue Service* – we also carried out a use of resources assessment of the Northamptonshire Fire and Rescue Service (NFRS). The assessment for NFRS draws on the work undertaken in the Authority's use of resources assessment and the organisational assessment carried out by the Audit Commission.
- *Value for money conclusion* – we issue a conclusion on whether we are satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is based on the use of resources assessment.

### Findings

The findings from this work are summarised below.

Element of work	Key findings								
Use of resources – County Council	<p>We have assessed the Authority as an overall score of level 2 which means the Authority is performing adequately. Our assessment of the Authority against the three themes is shown in the table below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #003366; color: white;">Theme</th> <th style="background-color: #003366; color: white;">Score</th> </tr> </thead> <tbody> <tr> <td>Managing finances</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Governing the business</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Managing resources</td> <td style="text-align: center;">2</td> </tr> </tbody> </table> <p>This is a good performance given this is a harder test assessment. This reflects the Authority's efforts to:</p> <ul style="list-style-type: none"> <li>● improve its performance through revised management structures and arrangements;</li> <li>● implement new strategies and processes across the organisation; and</li> <li>● enhance its internal control and performance frameworks.</li> </ul> <p>The Authority's strategic asset management is the only area where it did not meet core requirements, mainly due to a timing issue. It will need to:</p> <ul style="list-style-type: none"> <li>● develop plans for a more corporate and strategic approach to the management of the Authority's property resources;</li> <li>● implement a comprehensive programme of reviews to assess if assets across all services are fit for purpose; and</li> <li>● develop its working with partners on a long term strategic approach to asset management across Northamptonshire.</li> </ul> <p>We acknowledge the work that the Authority has been carrying out to improve its arrangements. Officers have outlined to us a number of changes that have been made that they believe may have a positive impact on the scores for 2009/10.</p> <p>Appendix 4 illustrates how the Authority's score compares nationally. Nearly half of all Single Tier and County Councils achieved level 2 in 2008/09.</p>	Theme	Score	Managing finances	2	Governing the business	2	Managing resources	2
Theme	Score								
Managing finances	2								
Governing the business	2								
Managing resources	2								

## Use of resources (continued)

Element of work	Key findings
<b>Use of Resources – Fire and Rescue Service</b>	<p>The use of resources overall score for NFRS for 2008/09 was level 2 (performing adequately) which is consistent with last year.</p> <p>NFRS continues to improve its arrangements for managing its finances and governing the business. It has developed greater capacity to address its priorities through closer links with the County Council and secured additional financial resources. It now needs to demonstrate the impact of its investment and improved working arrangements.</p>
<b>Value for money conclusion</b>	<p>We issued our value for money conclusion for 2008/09 on 30 September 2009.</p> <p>Based on our use of resources assessments for the County Council and Fire Service, we concluded that the Authority had appropriate arrangements in place to ensure the effective use of its resources except that it did not place adequate arrangements in place for managing its assets effectively to help deliver its strategic priorities and service needs.</p> <p>The exception to our conclusion was due to the Authority not meeting core requirements for strategic asset management.</p>

### Managing performance

In addition to our use of resources assessment, the Audit Commission assesses how well the Authority manages its performance. This assessment considers how successful the Authority is in delivering its corporate priorities, improving its services and contributing to wider community outcomes. The Authority was assessed as level 3 (performing well) for managing its performance.

### Organisational assessment

The Use of Resources and Managing Performance assessments are combined to give an overall organisational assessment judgement for the Council. The Audit Commission determined that the Authority is performing adequately.

The Audit Commission concluded that “while there is good leadership which is making changes and the Council has started to improve many services, some are adequate rather than performing well. Many of the changes made, such as improved financial management, have yet to make a big improvement on some people’s lives. However, the Council is now in a much better position to improve than it has been in the past”.

The Council’s Managing Performance and Organisational Assessment are being reported separately by the Audit Commission’s Comprehensive Area Assessment Lead for Northamptonshire.

### Other work

In our *Annual External Audit Report 2007/08*, we raised concerns that a number of governance related issues had been highlighted over the past two or three years and recommended that the Authority undertake a fundamental review of its governance arrangements. In April 2009 the Authority commenced a review of its constitution, decision making processes and its corporate governance culture and practice.

One of the matters of concern was the decision making process leading to the letting of the Authority’s property and facilities management contract in January 2007. As part of our wider responsibilities under the Audit Commission’s Code of Practice, we reviewed the Authority’s response after the issue was first raised with us and provided critical friend support. The Council has since completed an internal investigation and findings were presented to full Council in November 2009. We consider that the Authority has addressed the issues raised.

It is important that the Authority’s governance arrangements are fully understood and complied with by both officers and Members. We understand that training will be provided on these matters.

## Financial statements

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### Audit opinion

We issued an unqualified opinion on your accounts on 30 September 2009. This means that we believe the accounts give a true and fair view of the financial affairs of the Authority and of the income and expenditure recorded during the year. We also issued an unqualified opinion on the Pension Fund accounts on the same day.

We confirmed that the Annual Governance Statement complies with the relevant framework and that it is not misleading or inconsistent with other information we were aware of from our audit of the financial statements.

Before we gave our opinion on the accounts, we were required to report to 'those charged with governance' any significant matters that arose during our audit. We did this in our *Reports to those charged with governance* which were discussed at the Audit Committee meetings on 22 September 2009 and 28 September 2009. The key issues are summarised here.

### Accounts production and adjustments to the accounts

The Authority has demonstrated its commitment to improving the accounts process. We noted an improvement in the quality of the accounts and supporting working papers and the level and significance of adjustments was lower than the previous year. This is a reflection of the improvements the Authority made to the closedown process, additional resources allocated to this task, improved knowledge of technical accounting areas within the finance team, and the significant work completed to address prior year issues and emerging risk areas.

However, we highlighted in previous reports that we considered that it would be a two year journey for the Authority to make the step change required to deliver robust quality accounts. The Authority needs to continue to strengthen and refine its closedown processes by ensuring that:

- The finance team continues to be appropriately resourced;
- Knowledge is appropriately transferred from temporary finance staff brought in to assist with the accounts process this year;
- The quality of working papers is further improved in order to minimise the level of audit queries; and
- All recommendations are fully implemented in a timely manner and that all key risk areas to the 2009/10 accounts are appropriately addressed.

The Authority has put an action plan in place to address our recommendations, which will be monitored by the Audit Committee.

Whilst the net impact of the audit adjustments identified decreased the balance on the general fund account by only £0.2 million, we identified a large number of adjustments, many of which were significant.

We held a debrief with the finance team on 16 November 2009 where we discussed the key issues arising during the audit and how these might be addressed going forward. We will continue to work with the closedown team over the coming months through our regular meetings to ensure that progress is being made against our recommendations and that any emerging risk areas are discussed early and appropriate action taken. We have also agreed to carry out a workshop with the finance team to help improve the quality of working papers.

Our separate audit of the Authority's pension fund accounts identified a small number of audit differences and presentational issues which were adjusted by the Authority. These were not significant.

### Elector Questions

We received an objection from an elector to the 2008/09 accounts relating to the legality of an item of income and expenditure. We have completed our enquiries and issued a Statement of Reasons to the Objector. We have not accepted the objection and consequently issued our certificate on the audit on 11 December 2009.

We also received a further two questions from electors in the year to which we responded. There are no issues arising.

### Future Issues

From 2010/11, local government bodies are required to prepare their financial statements under International Financial Reporting Standards, which contain a number of significant differences from the current financial reporting regime. The Authority has a project plan in place and has produced regular updates to the Audit Committee. We consider that good progress has been made to date, and the Authority is aware of the areas on which it needs to focus in the next six months.

## Appendix 1: Key recommendations

This appendix summarises the main high priority recommendations that we identified during our 2008/09 audit, along with your response to them. Other lower priority recommendations are contained, as appropriate, in our audit reports (which are listed in Appendix 2).

Issue and Recommendation	Management Response
<b>Use of resources work</b>	
<b>Strategic asset management</b>	
<p><u>Issue</u></p> <p>The Authority's strategic asset management (KLOE 3.2) is the only area where the Authority did not meet core requirements.</p> <p><u>Recommendation</u></p> <p>The Authority should develop plans for a more corporate and strategic approach to the management of the Authority's property resources. This should consider how it intends to develop its assets to meet strategic priorities and operational needs.</p> <p>Once a baseline has been established, the Authority should implement a comprehensive programme of reviews to assess if of assets across all services are fit for purpose and how they can be utilised to deliver better outcomes for the community and improve value for money and access to services.</p> <p>The Authority should develop its mechanism for working with partners on a long term strategic approach for all assets used by public bodies across the area and investigate opportunities for shared use of assets</p>	<p><u>Response</u></p> <p>The Authority has developed a Corporate Asset Management Plan which aligns/ reviews the Authority's approach to strategic property management and key priorities. An analysis of all non school properties has been completed in conjunction with service directorates reviewing use, utilisation, future service requirement, opportunities, rationalisation and potential disposal.</p> <p>The Authority continues to develop/re-design its property management information systems (Archibus) to align actual spend to property performance. Significant progress has been made with the introduction of a new asset management system.</p> <p>Partnering with a range of public sector partners remains ongoing in respect of the potential shared use of assets via the Northamptonshire Improvement and Efficiency Project. A database collection exercise is underway to capture all assets across the county which will then enable challenge regarding their future use.</p> <p><u>Officer and due date</u></p> <p>Head of Property Asset Management - On-going</p>
<b>Financial statements audit</b>	
<b>Capacity of the Corporate Accountancy team</b>	
<p><u>Issue</u></p> <p>To support the 2008/09 closedown and accounts production process, the Authority has had to rely on temporary resources. There is a risk that the progress made and the knowledge gained this year will be lost when the temporary staff are replaced.</p> <p><u>Recommendation</u></p> <p>The Authority should ensure that the finance team continues to be appropriately resourced, responsibilities for taking improvement areas forward are allocated at an early stage and that a handover process is in place to ensure that knowledge is appropriately transferred.</p>	<p><u>Response</u></p> <p>Throughout the 2008/09 closedown process the Authority has focused on ensuring maximum knowledge transfer from specialist interim staff to permanent staff.</p> <p>Specifically the Authority has made arrangements for permanent staff to "shadow" specialist interim staff for 3 months to ensure a smooth transition.</p> <p>The Authority has also invested heavily in technical training, advice and support for implementation of International Financial Reporting Standards (IFRS) which will be a key aspect of the 2009/10 closedown process.</p> <p>A proposed organisational re-design within the Finance Service will bring together the corporate accounting and capital/fixed assets under a single senior manager.</p> <p><u>Officer and due date</u></p> <p>Assistant Chief Executive, Finance &amp; Commercial Management - March 2010</p>

**Appendix 1: Key recommendations (continued)**

Recommendation	Management Response
<p><b>Adequacy of working papers</b></p> <p><u>Issue</u></p> <p>We have seen a significant improvement in the quality of working papers and the timeliness of their preparation in advance of the audit. However, there are still improvements that are needed to ensure that the working papers meet the requirements as stated in our Accounts Audit Protocol document.</p> <p><u>Recommendation</u></p> <p>To further improve the accounts process the Authority should ensure that:</p> <ul style="list-style-type: none"> <li>• All working papers are available at the start of the audit;</li> <li>• When working papers are reviewed, they should be reviewed to ensure that they fully address our requirements as set out in our accounts audit protocol and are standalone documents which do not require further explanations; and</li> <li>• Where a particular accounting treatment has been adopted, this has been fully explained in a summary working paper</li> </ul>	<p><u>Response</u></p> <p>During 2008/09 closedown process KPMG have recognised the substantial improvement in working papers. However, further improvement is required.</p> <p>The Authority is already working on implementing improvements to the 2009/10 closedown process, included within this work is working papers.</p> <p>The Authority will work closely with us to ensure standards are met.</p> <p><u>Officer and due date</u></p> <p>Assistant Chief Executive, Finance &amp; Commercial Management - June 2010</p>
<p><b>Technical issues</b></p> <p><u>Issue</u></p> <p>We raised three high level technical issues in which the Authority needs to improve its accounting arrangements. These relate to assets under construction, government grants deferred, minimum revenue provision.</p> <p><u>Recommendation</u></p> <p>We recommended that:</p> <ul style="list-style-type: none"> <li>• the Authority should ensure that it improves the process for reviewing AUC records for schemes that have become operational in year;</li> <li>• needs to ensure that GGD records are sufficiently detailed to be able to link each grant to an asset on the asset register or a scheme within the records for assets under construction;</li> <li>• ensure that it further refines its methodology for calculating MRP. In particular it should be satisfied that the asset lives used are adequate in all cases.</li> </ul>	<p>During the 2008/09 closedown process KPMG recognised the substantial improvement in classification of fixed assets. Further improvement is however required and planned.</p> <p>The Authority is already working on implementing improvements to the 2009/10 closedown process, included within this work is fixed assets. This work includes closer working links, both in Finance and to other services, and the implementation of the Oracle fixed asset register.</p> <p>As indicated in the Authority’s MRP Policy the Authority will review its methodology on an annual basis to ensure it is “prudent” and in line with Statutory Guidance.</p> <p><u>Officer and due date</u></p> <p>Assistant Chief Executive, Finance &amp; Commercial Management - June 2010</p>
<p><b>Private Finance Initiative (PFI) schemes</b></p> <p><u>Issue</u></p> <p>We identified that revisions to the Authority’s schools PFI scheme had not been correctly accounted for.</p> <p><u>Recommendation</u></p> <p>The Authority should review its PFI records and ensure that it fully understands the original contracts, subsequent amendments and all related assets, liabilities, income and expenditure. This will be essential for ensuring it can make the necessary amendments that will be required to the accounting treatment of PFI schemes in 2009/10.</p>	<p><u>Response</u></p> <p>The Authority is undertaking a comprehensive review of its PFI records as part of the transition to IFRS. The outcome of this review will also be fed into the 2009/10 closedown as appropriate.</p> <p><u>Officer and due date</u></p> <p>Assistant Chief Executive, Finance &amp; Commercial Management – June 2010</p>

**Appendix 1: Key recommendations (continued)**

Recommendation	Management Response
<p><b>Follow up of recommendations in previous reports</b></p> <p><u>Issue</u></p> <p>We confirmed that the majority of recommendations raised in our 2007/08 reports had been implemented by the Authority. In some cases, however, issues could not be fully resolved in time for the 2008/09 accounts.</p> <p><u>Recommendation</u></p> <p>Where recommendations raised in our 2007/08 ISA260 have only been partially implemented, the Authority should assess if action plans need to be updated to ensure that any weaknesses identified are fully addressed. In particular, the Authority should ensure that it:</p> <ul style="list-style-type: none"> <li>• Obtains the necessary information from schools to enable it to identify the assets on the asset register financed through devolved capital grant;</li> <li>• Reviews the depreciation applied to assets in line with the asset lines communicated by the valuer;</li> <li>• Investigates the difference on the schools treasury account and adjusts the ledger accordingly;</li> <li>• Reviews the process for reconciling the schools bank accounts to ensure that reconciling items are correctly adjusted for; and</li> <li>• Ensures that a central record is held of all leases across the Authority and that the accounting treatment reviewed for each of them.</li> </ul>	<p><u>Response</u></p> <p>The Authority has a work programme to deliver these recommendations.</p> <p><u>Officer and due date</u></p> <p>Assistant Chief Executive, Finance &amp; Commercial Management – June 2010</p>

## Appendix 2: Audit reports issued

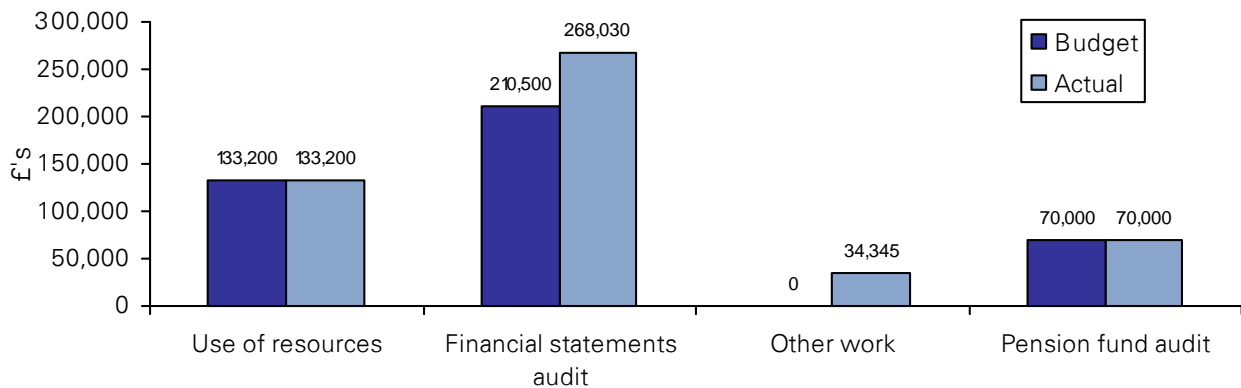
A summary of the reports issued in the year to date is set out below.

Report	Date issued
Audit and Inspection Plan 2008/09	June 2008
Enterprise Resource Planning (ERP) Project – Data Migration Controls and System Interfaces	November 2008
Accounts Audit Protocol 2008/09	March 2009
Refreshed Audit Plan 2008/09 – County Council	April 2009
Annual Audit Fee Letter 2009/10 – County Council	April 2009
Refreshed Audit Plan 2008/09 and Indicative Fee for 2009/10 – Pension Fund	May 2009
Interim Audit Report 2008/09	May 2009
IFRS Impact Assessment	July 2009
Report to those charged with governance (ISA 260 Report) 2008/09 - County Council	September 2009
Report to those charged with governance (ISA 260 Report) 2008/09 - Pension Fund	September 2009
Opinion on the Whole of Governments Accounts pack	December 2009
Annual Audit Letter 2008/09	December 2009

## Appendix 3: Audit Fee

To make sure that there is openness between us and your Audit Committee about the extent of our fee relationship with you, we have summarised below the out-turn against the 2008/09 planned external audit fee:

**External audit fee for 2008/09**



Our final fee for the 2008/09 audit of Northamptonshire County Council was £435,575. This compares to a planned fee of £343,700.

The increased fee for the audit of the financial statements reflects additional costs incurred in carrying out the final accounts audit of £57,530 (see section 3).

We also completed additional work, which was not allowed for in our initial plan. This included:

- A review of the governance of the facilities management contract (£10,780); and
- Responses to elector questions (£23,565).

In addition, we charged the Authority £15,545 for tax advice in relation to a claim submitted to HM Revenue & Customs to recover approximately £800,000 of overpaid VAT. This work was not related to our audit responsibilities.

Our grants work is still ongoing and the fee will be confirmed through our summary report on the certification of grants and returns which will be issued in Spring 2010.

## Appendix 4: Use of Resources scores

The table below shows overall Use of Resources scores for all Single Tier Authorities and County Councils and is illustrated in the graph below.

The Authority's overall score was 2.

Overall use of resources score	Number of authorities	Percentage ( %)
1	1	1%
2	69	46%
3	77	53%
4	3	2%

Use of resources scores 2009 for Single Tier and County Councils

