



Accountants &
business advisers

Braintree District Council

Annual Governance Report

2009/10

August 2010

DRAFT

Contents

1	Executive summary	1
2	Introduction.....	2
3	Financial statements.....	3
4	Use of resources	8

Appendices

- A Action plan
- B Uncorrected misstatements
- C Draft letter of representation
- D Draft independent auditors' report

Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission contains an explanation of the respective responsibilities of auditors and of the audited body. Reports and letters prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

1 Executive summary

- 1.1 Auditing standards require that we report to “those charged with governance” the key findings of our audit prior to issuing our opinion on the financial statements.

Findings and conclusions

- 1.2 A summary of the audit findings and conclusions is included in the table below:

Area of audit	Findings & Conclusion
Financial statements	
Key financial systems	The key financial systems are generally adequate as a basis for preparing the financial statements and no significant control weaknesses were identified.
Financial statements	No material errors were identified as a result of audit work. Some non-trivial but not material errors have been identified and these are detailed in Appendix B. Some areas of work are still outstanding at the time of drafting this report. Should these result in any significant issues, we will give a verbal update to the Audit Committee. We are satisfied that the Annual Governance Statement (AGS) is not inconsistent or misleading with other information we are aware of from our audit of the financial statements. Subject to satisfactory completion of the outstanding work, we anticipate issuing an unqualified “true and fair” opinion.
Value For Money conclusion	We anticipate issuing an unqualified value for money conclusion.

Acknowledgement

- 1.3 We would like to thank staff for their co-operation and assistance during the audit and throughout the period.

2 Introduction

- 2.1 This report summarises the results of our audit work completed to date in respect of the financial statements and arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2010.
- 2.2 Our report is presented to the Members in accordance with the provisions of International Auditing Standard 260 (“ISA 260”), which requires us to report key findings from the audit to “those charged with governance”, prior to issuing our opinion on the financial statements.

Findings

- 2.3 Recommendations in response to the key findings identified by our audit of the financial statements are provided in the action plan at Appendix A. These recommendations have been discussed with appropriate officers and responses are included in the action plan where appropriate.
- 2.4 We would highlight that in this report we do not provide a comprehensive statement of all weaknesses that may exist in the accounting and control systems, but only those matters which have come to our attention as a result of the audit procedures performed. We have not restated weaknesses already reported by Internal Audit unless these are significant weaknesses.

Fee outturn

- 2.5 The Audit Commission’s *Standing Guidance for Auditors* requires us to report the outturn fee position for the year against the budgeted fee included within your Audit Plan. The table below sets out this analysis:

Audit plan 2009/10	Planned fees £	Actual fees £
Planning and reporting	34,600	34,600
Financial statements	62,400	62,400
Use of Resources	34,800	34,800
Subtotal audit	131,800	131,800
Grants	30,000	30,000
Total	161,800	161,800

- 2.6 A number of the grant claim audits are currently in progress or do not require certification until 31 December 2010 and therefore the actual fee remains an estimate of the expected final position. The final position will be reported in our grants report to be issued in February 2011.

Independence

- 2.7 We confirm that we are not aware of any relationships that may bear on our independence and objectivity as auditors and that our independence declaration, included in the Audit Plan for 2009/10, has remained valid throughout the period of the audit.

3 Financial statements

Requirements

- 3.1 We are required to provide an opinion on whether your financial statements give a true and fair view of your financial position and income and expenditure and whether they have been prepared properly, in accordance with appropriate legislation and relevant accounting guidance.
- 3.2 We carry out procedures designed to obtain sufficient appropriate audit evidence to determine with reasonable confidence whether the financial statements are free from material misstatement and evaluate the overall presentation in order to ascertain whether they have been prepared in accordance with relevant legislation and accounting standards.
- 3.3 We identify the principal areas of risk of material misstatement from our knowledge of the Council, of the environment in which it operates and from discussions with management. We address these risks by carrying out appropriate audit procedures.
- 3.4 We apply an appropriate level of materiality and as such the audit cannot be relied upon to identify all risks or potential and actual misstatements. Materiality is the expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.
- 3.5 We set a triviality level of £37,250 for the 2009/10 financial statements audit and have not reported to you any matters arising below this level.

Reporting to those charged with governance

- 3.6 We are required to report to you:
- our assessment of and response to **significant risks in the financial statements**
 - qualitative aspects of **accounting practices and financial reporting**
 - **corrected and uncorrected misstatements**
 - final draft **letter of representation** to be agreed by management and those charged with governance
 - expected modifications to the **audit report**
 - material weaknesses in **accounting and internal control systems** identified during our work
 - **matters required to be reported by other auditing standards**
 - any **other audit matters of governance interest**.
- 3.7 Our comments in these areas are set out in order below.

Significant risks in the financial statements

- 3.8 Auditing standards require that we bring to your attention areas that require additional or special audit procedures in response to areas of significant risk, such as a weakness in controls or areas requiring a higher degree of estimation by management.
- 3.9 We reported to you our updated risk assessment in the 2009/10 Audit Plan issued in December 2009. We have since undertaken a more detailed assessment of risk following our completion of the interim review of financial controls and review of the Council's draft financial statements. Our updated risk assessment was reported to you in our letter dated 16 July 2010.

- 3.10 The findings from our review of financial statements risks and other areas of audit focus identified in our Audit Plan are summarised in the table below:

Risk area	Overall conclusion
Significant audit risks	
Investments in Icelandic banks	Additional testing was carried out to ensure that the disclosures around the Iceland investments were in accordance with the updated guidance provided by CIPFA. No errors were identified from the audit procedures carried out.
Areas of audit focus	
Car parking income	Testing was carried out on a sample of 20 car parking ticket machines throughout the year to ensure that income had been appropriately collected by Colchester Borough Council since the outsourcing of car parking cash collection. All ticket information agreed through to the income included within the financial statements.
Coding of invoices	Additional testing was carried out on a sample of 30 invoices to ensure that the expenditure has been appropriately coded within the income and expenditure account. No errors were identified from the audit procedure carried out.
Consideration of service concessions under IFRIC12	We considered the Councils assessment for the accounting treatment of service concessions under IFRIC 12. There were no service concessions identified which required accounting under IFRIC 12.
Redundancy provision	The Council did not include a provision in the draft accounts for those redundancies which were announced before the year end. A reserve was included within the draft accounts for the future redundancy costs. An amendment has therefore been made to the draft accounts to include a provision for £161k.
Discount factor on the pension fund	From review of the reports provided by PWC and the audit commission, they have concluded that the discount factor used within the calculations for the pension fund are appropriate.

Accounting practices and financial reporting

Application of accounting policies

- 3.11 The key changes introduced by the 2009 SORP were:
- the introduction of service concession arrangements under International Financial Reporting Interpretations Committee (IFRIC) 12
 - the introduction of agency accounting for the collection of council tax and national non-domestic rates (NNDR).
- 3.12 The Council has dealt with the implementation of these changes in an appropriate manner and assisted the audit in the review of the changes required.

The accounts preparation process

- 3.13 The draft financial statements were approved by Members on 30 June 2010 which was in line with the statutory deadline of 30 June 2010.
- 3.14 As part of our planning for the audit, we prepared a detailed document request which outlined the information that we would require to complete the audit. The Council provided us with files of comprehensive working papers and draft financial statements on 5 July 2010.

Adequacy of disclosures

- 3.15 We identified a small number of departures from the expected presentation of the financial statements or where notes and other disclosures had not been presented in accordance with the SORP. These have been amended by the Council.
- 3.16 We have agreed with the Council that a disclosure note explaining a non-adjusting post balance sheet event will be included within the accounts in respect of the change in the way that local government pensions will be calculated from April 2011. The pension will be increased in line with the consumer prices index (CPI) rather than the retail prices index (RPI) previously used. Historically, the CPI has been lower than the RPI, and authorities may therefore see a reduction in FRS17 liabilities.

Corrected and uncorrected misstatements

Testing of transactions and balances

- 3.17 As part of our audit approach, all material balances were subject to audit testing and agreement, on a sample basis, to supporting documentation. No significant issues were identified from this work.

Letter of representation

- 3.18 The draft letter of representation has been attached as Appendix C. We do not anticipate any changes being required before providing our opinion on the financial statements.

Audit report

- 3.19 Subject to satisfactory resolution of the following outstanding issues and final clearance of the audit, we anticipate issuing an unqualified audit opinion on the accounts:
- Investment confirmation letters
 - Clearance of manager and partner review points
- 3.20 We will provide a verbal update on these outstanding issues at the Audit Committee.

Accounting and internal control systems

- 3.21 We have reviewed the key financial systems, which contribute to the preparation of materially accurate financial statements, to assess the extent to which we can place reliance on them for this purpose. In carrying out this work we consider:
- the extent to which your accounting and internal control systems are a reliable basis from which to prepare the financial statements
 - the robustness of your accounts preparation processes.
- 3.22 In assessing the reliability of systems as a basis for providing financial information that is free from material misstatement, we prepared systems notes for each financial system and we evaluated the controls within those systems, with particular focus on assessing whether the controls in place to mitigate significant risks are suitably designed and operating as intended to meet their objective.

- 3.23 Your key financial systems are:
- Main accounting
 - Cash and bank
 - Payments and creditors
 - Non-contracting income and debtors
 - Payroll and employment costs
 - Information technology
 - Council tax
 - Housing and council tax benefits
 - National Non Domestic Rates
 - Investments and investment income
- 3.24 We also have a responsibility to give specific consideration to the potential risk of material misstatement of your financial statements due to fraud and error, including the risk of fraudulent financial reporting. This requires us to:
- review internal controls that are designed to prevent, or detect and correct, misstatements in the accounts
 - review the arrangements for preparing the financial statements
 - select and test transactions and balances, including review of significant balances against expectations and substantiate individual items
 - assess the significant estimates and judgements made by officers in preparing the accounts
 - consider the adequacy of presentation and disclosures included in the financial statements.
- 3.25 The primary responsibility for ensuring that your internal control frameworks are robust enough to prevent and detect material fraud and corrupt practices lies with management and those charged with governance.

Internal Audit

- 3.26 Where possible, we have placed reliance on Internal Audit's work and thereby avoided unnecessary duplication of audit effort. To ensure this approach was valid, we have undertaken the following:
- reviewed Internal Audit's working papers and reports
 - considered the robustness of the key financial systems on the evidence of this work
 - re-performed Internal Audit's evaluation of controls and a sample of its testing of the effectiveness of controls, to ensure that its conclusions are soundly based.
- 3.27 We were able to place reliance on Internal Audit's work for the testing of the effectiveness of specific controls that formed part of our audit testing strategy.

Fraud risks

- 3.28 In order to identify the fraud risks, and the controls you have put in place to mitigate those risks, we have:
- discussed your anti fraud and corruption arrangements with officers, and those charged with governance
 - considered the extent to which the work of Internal Audit is designed to detect material misstatements in the accounts arising through fraud
 - made enquiries regarding instances of actual fraud you have brought to our attention.

Conclusions

- 3.29 As a result of our work, we have concluded that the key financial systems are adequate as a basis for preparing the financial statements and no significant control weaknesses were identified as a result of our work. We have included in Appendix A any recommendations arising from issues identified during our work.
- 3.30 We did not identify any significant fraud risks that affected our audit programme for the financial statements.

Matters required to be reported by other auditing standards

- 3.31 There are no other matters arising from our work that we are required by other auditing standards to bring to the attention of those charged with governance.

Other audit matters of governance interest

Annual governance statement

- 3.32 The Council has a responsibility to publish a Governance Statement, including the outcome of a review of its effectiveness, with its 2009/10 financial statements.
- 3.33 We have reviewed the Annual Governance Statement and the supporting review of effectiveness that has been undertaken and we are satisfied that the Statement is not inconsistent with the evidence provided in the review of effectiveness and our knowledge of the Council.

International financial reporting standards

- 3.34 International Financial Reporting Standards (IFRSs) will be adopted in local government from 2010/11 and will require transitional arrangements to be put in place by the Council. Management should prepare for the adoption of IFRSs based on the Treasury timescales and ensure that staff have sufficient knowledge of IFRSs to restate the current financial statements.
- 3.35 Progress reports around the Councils transition process for IFRS accounting are provided to each Audit Committee for consideration. The Council are on course for meeting the deadline for the 2009 balance sheet restatement.
- 3.36 The 2009/10 financial statements are due to be restated by the end of December 2010 with skeleton draft IFRS statements to be prepared by the end of March 2011.

4 Use of resources

- 4.1 We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).
- 4.2 In June 2010 the Government announced the abolition of Comprehensive Area Assessment. As a result the Audit Commission announced changes to its Use of Resources approach, effective immediately, which included removal of the scored judgements for use of resources assessments in local government bodies. It was still necessary, however, for auditors to complete sufficient Use of Resources assessment work to support their statutory duty to provide a value for money conclusion.
- 4.3 In practice, much of the Use of Resources assessment had already been completed at the time of the announcement, in order to meet the prior deadline of submitting indicative scores to the Audit Commission by 21 April 2010.
- 4.4 The Audit Commission has recently communicated the approach to value for money that will be adopted from 2010/11 (but funded from 2011/12 fees onwards), and we will be discussing the impact of these changes with officers during the summer and autumn.

Use of Resources risks

- 4.5 The findings from our review of Use of Resources risks identified in our audit plan are summarised as follows:

Risk area	Findings and Conclusion
Health inequalities	<p>Essex public sector organisations have made good overall progress against previous recommendations, particularly in consolidating strategic approaches to deal with health inequalities, working together to develop operational arrangements to deliver the strategies and improving member awareness. Some issues require further attention, particularly in delivery, target setting and local performance monitoring.</p> <p>Braintree LSP has significantly strengthened its arrangements for tackling health inequalities since undertaking our first stage review, and there is already a much stronger base for delivery and having an impact on health inequalities in the future. However, there remains scope for further improvement.</p>
Medium term financial planning	<p>The financial management arrangements were reviewed as part of our work on Use of Resources and found to be adequate. The Council's current medium term financial strategy retains the Council's general fund balance of around £2m within the next 4 years. The Council has set a balanced budget for 2010/11.</p>

Value for money conclusion

- 4.6 Our value for money conclusion is based on considering our judgements from the results of risk based audit work, as well as consideration of the processes underpinning your review of the effectiveness of your controls as described in the Annual Governance Statement. Our judgements against the value for money conclusion criteria are set out in the table below:

Value for money conclusion criteria	Yes/No
1. Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?	Yes
2. Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?	Yes
3. Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?	Yes
4. Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	Yes
5. Does the organisation produce relevant and reliable data and information to support decision making and manage performance?	Yes
6. Does the organisation promote and demonstrate the principles and values of good governance?	Yes
7. Does the organisation manage its risks and maintain a sound system of internal control?	Yes
8. Is the organisation making effective use of natural resources?	Yes
9. Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?	Yes
10. Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?	Yes

Overall conclusion

- 4.7 Our overall conclusion is that adequate arrangements are in place to secure value for money.

Appendix A: Action Plan

Conclusions from work	Recommendations	Priority	Management response	Responsibility	Timing
Financial systems					
Assurance could not be gained over the checking of coding for expenditure within the financial statements. The coding slips which are reviewed by accountancy are not scanned onto Idox with the invoice.	The Council already use a grid stamp on invoices to evidence checks such as goods received, authorised for payment etc. The Council should include a separate stamp on invoices (or expand the current stamp) to show what account code the invoice has been coded to and the check that has been performed to show the coding is correct.	Medium			

Appendix B: Uncorrected misstatement

The table below details the potential difference recorded during the audit that has not been adjusted for within the financial statements:

Uncorrected misstatements	Income Over/ (Under) £'000	Expenses (Over)/ Under £'000	Assets (Over)/ Under £'000	Liabilities Over/ (Under) £'000	Reserves Over/ (Under) £'000
Misstatements of fact (specific misstatements) The Council has identified assets which are not included on the fixed asset register after reconciling asset numbers per the fixed asset register with those held by asset management. This created an additional 9 properties to be included within the fixed asset register, and 4 properties to be removed. This gives a net increase of £75,004 to the fixed asset note.			75		(75)
Misstatements of subjective decisions (estimates or application of accounting policy)					
Likely misstatements (extrapolation of errors)					
Total net misstatements			75		(75)
- Net understatement of costs					
- Net overstatement of net assets			75		(75)

Appendix C: Draft letter of representation

PKF (UK) LLP
16 The Havens
Ransomes Europark
Ipswich
Suffolk
IP3 9SJ

XX September 2010

Dear Sirs

Financial statements of Braintree District Council for the year ended 31 March 2010

Representations of the Corporate Director

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of other officers and members of the Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010.

Responsibility for the financial statements

I acknowledge as the Corporate Director and s151 Officer my responsibilities for the financial statements.

Completeness of information

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 management and committee meetings (held during the year and up to the date of this letter) have been made available to you.

Internal control

I acknowledge my responsibility for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from misstatement, whether arising from fraud or error.

Fraud

I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the financial statements, nor have any allegations of fraud or suspected fraud affecting the financial statements been communicated to me by employees, former employees, councillors, regulators or others.

Compliance with law and regulations

I am not aware of any possible or actual instances of non-compliance with laws or regulations whose effects should be considered when preparing financial statements of the Council.

Transactions with related parties

I confirm that I have put in place appropriate arrangements to identify related party transactions.

I am satisfied that the disclosure in the financial statements of related party transactions is appropriate and complete and contains all the elements necessary for an understanding of the financial statements.

Contingent liabilities

I am not aware of any significant contingent liabilities, including pending claims, proceedings or litigation involving the Council.

Pension fund assumptions

I confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) scheme liabilities, as applied by the scheme actuary, are reasonable and consistent with my knowledge of the business. These assumptions include:

- | | |
|--|--------|
| • Rate of inflation | 3.3% |
| • Rate of increase in salaries | 4.8% |
| • Rate of increase in pensions | 3.3% |
| • Rate for discounting scheme liabilities | 5.6% |
| • Take up option to convert the annual pension into retirement grant | 50.00% |

I also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

Uncorrected misstatement

You have brought to my attention one uncorrected misstatements in the financial statements as set out in Appendix 1 to this letter. I do not wish to correct this misstatement as I consider it to be immaterial to the view given by the financial statements.

Subsequent events

There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should any material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Yours faithfully

Chris Fleetham

Corporate Director

Representations of the Council

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of other officers and members of the Council, the following representations given to you in connection with your audit of the Council's financial statements.

Responsibility for the financial statements

We acknowledge our responsibilities to make arrangements for the proper administration of the Council's financial affairs and to approve the financial statements.

Uncorrected misstatement

We have considered the uncorrected misstatement in the financial statements as set out in Appendix 1 to this letter together with the explanations provided by the Corporate Director for not correcting this misstatement, and we consider it to be immaterial to the view given by the financial statements.

Annual Governance Statement

We confirm that the Council has conducted a review during the year of the effectiveness of its system of internal control. We are satisfied that the Annual Governance Statement appropriately reflects the circumstances of the Council and includes an outline of the actions taken, or proposed, to deal with significant internal control issues.

Yours faithfully

Cllr G Cohen
Audit Committee Chair

Signed on behalf of the Council

Note: Appendix 1 referred to in this letter relates to Appendix B in this report

Appendix D: Independent auditor's report

Independent auditor's report to the Members of Braintree District Council

Opinion on the accounting statements

We have audited the accounting statements and related notes of Braintree District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of 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 Statement of Movement on 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 Braintree District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Corporate Director and auditor

The Corporate Director's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

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

We report to you our opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

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

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

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (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 accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and

of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

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

Authority's Responsibilities

The Authority 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

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our 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 May 2008 and updated in October 2009, and the supporting guidance, we are satisfied that, in all significant respects, Braintree District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

We certify that we 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.

David Eagles, Partner
for and on behalf of:
PKF (UK) LLP
Ipswich

[Date]