

Annual Audit Letter

Humberstone Probation Trust

Audit 2009/10

July 2010



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Status of our reports

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

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

This report summarises the findings from our 2009/10 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit opinion and Financial Statements

- 1 I issued a clear audit opinion on the 23 June 2010 confirming your 2009/10 accounts presented a true and fair view of your financial position. Consistent with 2008/09, I found no significant errors or misstatements in the accounts.

Value for Money Conclusion

- 2 I also issued a clear value for money conclusion on the 23 June 2010, confirming that I was satisfied you had adequate arrangements for securing economy, efficiency and effectiveness.

Table 1 Audit Fee

Audit Area	Fee £
Financial statements	24,413
Use of Resources/ VFM Conclusion	5,796
Total Audit Scale Fee	30,209
Central IFRS rebate	-870
Total Fee	29,339

Actions

- 3 I have agreed the recommendations within the body of this report with key officers.

Independence

- 4 I can confirm that I have completed the audit in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Financial statements and annual governance statement

Your financial statements and annual statement on internal control are an important means by which you account for your stewardship of public funds.

Audit of the Financial Statements and controls

- 5** No significant issues arose from our audit of your accounts. Overall your draft accounts contained fewer errors compared with last year and supporting working papers were better.
- 6** I identified one improvement area in the control framework you have to prevent loss or error. In response to recommendations made in last year's letter you have updated your Human Resources policies. However, you are yet to fully test your Information Technology recovery arrangements although plans are in place to deal with this.

Value for money conclusion

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

VFM Conclusion

7 I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources, against criteria specified by the Audit Commission. Table 3 shows the areas I reviewed in forming my conclusion.

Table 2 VFM Criteria

KLOE	Met
Do you plan your finances effectively to deliver strategic priorities and secure sound financial health?	Yes
Do you have a sound understanding of your costs and performance and achieve efficiencies in your activities?	Yes
Is your financial reporting timely reliable and does it meet the needs of internal users, stakeholders and local people?	Yes
Do you manage your risks and maintain a sound internal control?	Yes
Do you plan, organise and develop your workforce effectively to support the achievement of your strategic priorities	Yes

8 You responded well to the need to find significant financial savings 2009/10 and achieved your main performance and financial targets. Your future funding levels and performance requirements are uncertain, however, and maintaining good governance arrangements will be vital. I highlight below some areas for improvement in your arrangements.

- Monitor achievement of efficiency targets and integrate operational and financial performance information at a Board level.
- Use good costing information for supporting key decisions and reflect this in the minutes.
- Approve an annual plan of assurance for the audit committee.

Closing remarks

- 9 I have discussed and agreed this letter with the Chief Executive and the Director of Corporate Services. I will present this letter at the Audit Committee on 3 August 2010 and will arrange for copies for board members.
- 10 Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to you during the year.

Table 3

Report	Date issued
Audit Fees Letter	April 2009
Annual Governance Report	June 2010
Annual Accounts Recommendations	June 2010
Annual audit letter	July 2010

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- 11 You continue to take a positive and constructive approach to our audit. I wish to thank your officers for their support and co-operation.

Mark Kirkham
 District Auditor
 July 2010

The Audit Commission

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

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

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

Copies of this report

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