

Annual Audit and Inspection Letter

Transport for London

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Reference:	0304 TfL Audit & Inspection Letter Final
Date:	March 2005

Executive Summary

The purpose of this letter

This Annual Audit and Inspection Letter (AA&IL) is presented by TfL's Relationship Manager and Appointed Auditor, KPMG LLP. The letter summarises the conclusions and significant issues arising from our audit and inspection work at TfL in the period since the 2002/03 Annual Audit Letter was presented.

Both the Audit Commission and KPMG LLP have issued separate reports during the year having completed specific aspects of the audit and inspection programme. These reports are listed at Appendix 1 for information.

Appendix 2 sets out the scope of audit and inspection.

Appendix 3 provides information about the fees charged.

Key messages

TfL performance

This year the Audit Commission undertook an initial performance assessment (IPA) of the Greater London Authority (GLA) and the functional bodies which form the GLA group. The purpose of the assessment was to examine the current performance by the GLA and the functional bodies in the delivery of their services, and their ability to improve. Transport for London (TfL) is one of the functional bodies in the GLA group.

The IPA process aims to enable Londoners and others to better understand the role and performance of TfL in improving quality of life for local people. It asks four key questions:

- What is the organisation trying to achieve?
- How has the organisation set about delivering its priorities for improvement?
- What improvements has the organisation achieved/not achieved to date?
- In light of what the organisation has learnt to date, what does it plan to do next?

The IPA report published in November 2004 analysed TfL's overall performance and found it to be an 'excellent' organisation. The outcome is the highest of the five possible categories of poor, weak, fair, good, and excellent.

TfL is doing well in the following areas:

- TfL has a good understanding of the problems affecting transport in London, and a clear and ambitious vision for how to deal with them
- It focuses on priorities such as improving London's bus service
- It has strong leadership and effective management, and is putting in place a wide range of improvement programmes

TfL has set itself the goal of improving yet further. To do this it must:

- Improve services on London Underground which it took over in 2003; and
- Continue work to bring the different parts of the organisation together.

The Accounts

TfL produced its financial statements well within the statutory deadline and KPMG LLP issued an unqualified audit opinion on those accounts on 15 October 2004.

Financial position

TfL's financial position is soundly based. The organisation reported total revenue reserves of £530m (split between general fund reserves of £126m and earmarked reserves of £404m) and short term investments of £832m at 31 March 2004.

The ability of TfL to deliver a sustained programme of investment was further increased in July 2004 when the results of the Spending Review 2004 were announced. The agreement reached between the Secretary of State and TfL has provided a five-year financial framework for investment in London's transport infrastructure.

TfL has since raised additional funding through a bond issue of £200m in December 2004 to fund the significant number of projects identified in its business plan to enhance the transport infrastructure across London in line with its 5-Year Business Plan (2005/06-2009/10) and 5-

Year Investment Programme which approved by the Board in October 2004.

Other governance arrangements

TfL's overall corporate governance arrangements are satisfactory in most key areas. However there were elements of TfL's financial controls that needed to be strengthened.

The introduction of the new financial system ('SAP') resulted in an initial relaxation in the segregation of duties until access to the system was reviewed and re-aligned to officers' new roles and responsibilities. Our audit work also identified that the audit trail for capital expenditure needed to be enhanced. We note that TfL management are seeking to address these issues through the Momentum project.

Action needed by TfL

TfL needs to ensure that:

- The raising of any additional funding is matched in both timing and value to capital investment requirements to ensure that balances are kept at reasonable levels and that TfL does not suffer any unnecessary debt servicing charges.
- It continues to work to integrate the former London Underground and the multitude of former organisations together into 'one organisation'.
- The success of the Momentum project in addressing issues with SAP functionality is monitored.

Introduction

Background to audit & inspection programme

To ensure that organisations receive a tailored, seamless service, integrated with the work of other inspectorates, the Audit Commission has appointed a Relationship Manager for each audited body. The Relationship Manager is the Commission's primary point of contact with you and is also the interface between the Commission and the other inspectorates, Government Office and other key stakeholders.

Objectives of audit & inspection

Audit – KPMG's main objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. This includes a risk-based approach to planning the audit and undertaking work focussing on your significant financial and operational risks that are relevant to their audit responsibilities.

Central to the audit are your corporate governance arrangements. The audit is then structured around the three elements of our responsibilities as set out in the Code and shown in Appendix 2.

Inspection - Inspection work is based around section 10 of the Local Government Act 1999, which requires the Audit Commission, as your inspectors, to carry out inspections and deliver reports that will:

- Enable TfL and the public to judge whether best value is being delivered.
- Enable TfL to assess how well it is doing.
- Enable the Government to assess how well its policies are being implemented.
- Identify failing services where remedial action may be necessary.

TfL Performance

IPA Scorecard

Summary of assessment scores

Top level question	Theme	Grade	Weighted score
What is TfL trying to achieve?	Ambition	4	8
	Prioritisation	3	6
	Focus	4	4
How has TfL set about delivering its priorities?	Capacity	3	3
	Performance management	3	3
What has TfL achieved/not achieved to date?	Achievement in quality of service	3	9
	Achievement of improvement	4	4
	Investment	3	9
In light of what TfL has learned to date, what does it plan to do next?	Learning	3	3
	Future plans	4	4
Weighted score			53
Initial performance assessment category			Excellent

(Note: 1=lowest, 4=highest)

IPA Improvement Report

In this section of the Letter we comment on the progress TfL has made against its priorities for

improvement. TfL has identified improvement priorities and are integrating these into the corporate agenda through the TfL 2005/06 - 2009/10 Business Plan (which contains the 2005 Best Value Performance Plan). This commentary is structured around the IPA report's ten main themes.

Ambition and Priorities

TfL has a clear and ambitious vision for transport in London. This ambition is linked to the Mayor's overall vision for London of an exemplary sustainable world city. Three of the Mayor's 15 objectives directly address transport:

- Improve and expand public transport in London;
- Reduce congestion in London; and
- Improve international, national and regional transport in London.

The London Plan, the Mayor's Transport Strategy and TfL's business plan combine to articulate TfL's vision and how it will be delivered. The vision is based on a clear understanding of the problems and opportunities that face London, including the history of the existing transport systems and the need for development to cope with predicted population and employment growth to 2016.

London's transport priorities are based on a range of information about the current condition of transport systems and future needs and take into account both the local context and wider national considerations. Long-term priorities are set out in the Mayor's Transport Strategy and short and medium-term priorities for improvement are in TfL's business plan. The scale of investment in non-motorised modes (walking and cycling) is significantly lower than that for mass transport modes although it is still a priority for TfL, and is investing in improving conditions for walkers and cyclists. TfL has been clear that investment in major road improvement is a lower priority.

TfL's scenario-based financial planning system enables it to target resources to priorities effectively. Prioritising investment between large and small-scale projects has been a challenge to TfL but it has recently developed systems to resolve this problem.

Focus

TfL's ability to focus is strong, as demonstrated through its delivery of ambitious key projects. Examples include the implementation of congestion charging, bus improvements and the

pedestrianisation of Trafalgar Square. TfL has strong mechanisms in place to ensure the organisation remains focused, including the business planning process, the monthly business management review process and constructive corporate mechanisms to quickly resolve issues between the directorates and modes.

TfL has mechanisms in place to deal with situations such as accidents or industrial disputes and other potentially distracting events. The directorate of traffic management was introduced in May 2003 in response to government concerns that, across the country, the arrangements for the management of street and road works were not sufficient to deal with acute congestion problems.

Investment

TfL is investing in improvements. Investments range from the efficiencies programme and the implementation of the SAP integrated business system, to improving the capacity of the traffic management unit, to deliver more effective road traffic control systems, road asset management systems and road safety campaigns. A number of investments while not fully embedded are starting to deliver improvement and savings. For example, the investments being made in changing the way that TfL procures materials and services realised £14.9 million savings in 2003/04. This is predicted to increase to £37 million in 2004/05 as the change programme is delivered.

SAP has been implemented in all business units and TfL is starting to reap the benefits through tighter checks and balances, consistent approaches to purchasing and more consistent and efficient performance reporting and HR management.

TfL has invested in its partnership working, particularly with the borough councils. This has led to some improvement but some boroughs are still not satisfied that their views are listened to and that their value is understood by TfL. TfL has secured significant additional resources to deliver its ambitions. The results of SR2004¹ also give it a longer than normal settlement period providing a more solid foundation on which to plan its investments. TfL has flexible expenditure plans that enable it to take advantage of income that is above, or respond appropriately to where it is below the projected level. It is managing significant investments in

¹ Which enabled TfL to develop a £10 billion, five-year investment programme to modernise London's transport system.

the underground through a PPP, and numerous PFI projects. TfL's business plan acts as the organisation's medium term financial plan and is robust.

Future plans

The IPA found TfL's future plans to be strong and credible. TfL has a range of robust future plans linked to resource projections that support the Mayor's Transport Strategy and wider plans for London. The post SR2004 Business Plan (2005/06 – 2009/10) sets out very clearly what TfL will achieve over the next five years and how the additional funding and longer-term settlement, together with money from prudential borrowing will be used to improve London's transport infrastructure. It will address the major weaknesses in London's transport infrastructure such as the need for renewal and expansion of the city's underground system.

Most plans are re-assessed as circumstances change. An example is TfL's race equality scheme, a statutory requirement under the Race Relations (Amendment) Act 2000. The revised scheme covers the whole of TfL, whereas the previous scheme pre-dated London Underground joining TfL.

TfL has plans to make its services more accessible in line with the Disability Discrimination Act which requires service providers to make reasonable provision for people with disabilities. The most expensive plan is to have 100 London Underground stations with step-free access by 2020.

TfL inherited the PPP agreement and experience of its operation has identified a number of issues; for example, late return of infrastructure following weekend maintenance impacting adversely on service availability. TfL is endeavouring to overcome these difficulties but is not confident that the present contract arrangements are in the best interests of service users.

Capacity

TfL has the capacity and skills it needs to deliver good quality services. It has a range of experienced and capable staff and managers from diverse backgrounds, and is self-aware about its capacity. Leadership within TfL is strong. It has a high-profile, experienced management team and board, mixing private and public sector backgrounds and expertise. TfL recognises that there is more to do to integrate the 15 constituent businesses into 'one TfL' with a common culture and practices. TfL has made

considerable progress in this area particularly since July 2003 when London Underground joined TfL.

TfL has drawn heavily on a number of consultants since its inception, both to review the organisation and its structures and processes and to carry out specific tasks which TfL did not have the internal resource to do. The expenditure on consultants amounted to some £178 million in 2002/03. TfL has not fully demonstrated that its use of consultants provides value for money or has been used effectively to develop its own capacity for the future.

Performance Management

TfL's planning and performance management systems are driven by its ambition and priorities. Effective corporate and business unit monitoring mechanisms are in place, including regular reports to the board on progress against the business plan and business unit deliverables. There are effective accountability frameworks in place for senior managers and TfL operates a number of appraisal processes for its staff. However, it does not have a consistent performance appraisal process that cascades business priorities into personal priorities and targets. In some areas of the organisation staff are very clear on what their role is in delivering the business plan but in others they are not. In some instances the lack of a robust and consistent performance appraisal process has hindered managers in addressing performance issues. However, TfL is addressing this issue through the development of a 360 degree performance management system to be implemented across TfL from April 2005.

TfL's risk management processes are good. Different approaches to risk management have been employed in London Underground and other parts of TfL and steps have been taken to join them up.

Achievement

Overall, given the context of London - over seven million residents, 3.8 million people working in the capital, 723,000 of whom commute from outside - and its transport infrastructure, some of which is very old, TfL has made some significant achievements in service quality. Stakeholder satisfaction is high with many aspects of the services that TfL is responsible for. Most areas of dissatisfaction relate to areas where TfL has not yet made sufficient improvement to meet public demands or where it is constrained by inherited infrastructure; for example, the underground.

Almost one in four Londoners now mention transport as one of the best things about living in London and 74 per cent find London an easy city to get around. In the four years that TfL of its existence TfL has completed a number of high profile projects that contribute to the current quality of transport in London and to the delivery of the transport priorities and TfL's strategies. The focus has been on improving the quality of the existing transport service and infrastructure where this is feasible, while putting into place a range of plans and projects to deliver higher levels of quality in the future.

The extent of improvement is outlined in the paragraphs below. TfL has delivered significant improvements in London's transport system. There are a number of large-scale, high profile projects that have contributed to delivering key aspects of the Mayor's Transport Strategy and TfL's business plan. These include the implementation of congestion charging, the development and implementation of the Oyster card and significant improvements to bus services. The congestion charging scheme, bus improvements and other measures have combined to produce a 4 per cent reduction in car use across London. Congestion charging has reduced congestion in central London by 30 per cent with no significant adverse impacts on traffic outside the zone. These are unique achievements by both UK and world standards.

Key improvements that contribute to the delivery of the Mayor's Transport Strategy and to an improved quality of life for those who live in or visit London include:

- Early evidence suggests that accidents have reduced and air quality has improved within the congestion charging zone.
- Bus service reliability and usage have increased. The number of bus passengers has increased to six million per day, its highest level since 1969. The growth is the fastest experienced since 1945. Passenger satisfaction scores have improved consistently since early 2001 from 74 to 78 (out of 100).
- Cycling levels on the TLRN have increased. The increase is most significant in the congestion charging zone (30 per cent) but the increase on other TLRN roads is also considerable at 18 per cent.
- Using transport, including as a pedestrian or cyclist, is safer than previously:
 - Serious and fatal accidents have reduced London-wide by 25 per cent compared with the late 1990s.

- The condition of the road and footways network is now improving, and the percentage of crossings with facilities for disabled people has also slightly increased.
- Security on 20 key public transport routes has improved through the introduction of the Transport Operational Command Unit (TOCU).
- Sixteen per cent more people use night buses following the addition of 15 new routes, and crime on the underground is down by 55 per cent since 2001/02. Taxi touting in central London is down and the numbers of people using illegal minicabs has reduced from 14 per cent to 8 per cent, as a result of TfL publicity and the introduction of minicab licensing.

TfL has improved some aspects of London Underground's service. More of the underground's schedule was operated in 2003/04 than in 2002/03 and fewer trains were cancelled due to operator non-availability. Escalator and lift availability at stations has improved. Graffiti on trains has been substantially reduced.

Other Audit Commission Inspections

The IPA inspection was the only inspection that took place during 2004.

Working with other inspectorates, regulators and agencies

We share information and seek to provide 'joined up' regulation to TfL. During the last year the organisations below worked jointly with the Audit Commission on the IPA assessment of TfL:

- Government Office for London;
- Association of London Government;
- Department for Transport; and
- London Boroughs.

Performance Information

Best Value Performance Plan

KPMG LLP have a statutory duty to audit TfL's BVPP to ensure that it fully complies with ODPM guidance.

The audit of TfL's 2004 BVPP was completed in October 2004 and the formal report on the BVPP was issued separately on 30 November 2004.

The formal report provided an unqualified opinion on the BVPP and did not recommend an inspection by the Audit Commission nor a direction by the Secretary of State.

Best Value Performance Indicators

KPMG LLP has a statutory duty to audit TfL's BVPIs. This requires an assessment of the adequacy of the systems that TfL has in place to collect and record specified performance information for publication in its BVPP.

The resulting opinion on TfL's systems for collecting and publishing the Audit Commission's BVPIs was issued on 7 October 2004.

Overall it was concluded that TfL has adequate systems in place to produce the required BVPIs. However, the audit work identified problems with the compilation of some indicators which resulted in reservations being applied, as follows:

- BVPI 8 (% of undisputed invoices paid within payment terms)
- BVPI 17 (% of BME staff)

The audit also resulted in the need for a number of amendments to be made to the indicators prior to their certification.

Accounts and Governance

KPMG LLP have given your accounts an unqualified audit opinion.

Your overall corporate governance arrangements are satisfactory although management need to continue to develop the functionality of SAP.

Audit of 2003-04 accounts

KPMG LLP gave an unqualified opinion on TfL's accounts on the 15 October 2004.

The accounts were certified six weeks earlier than in the previous year. This performance reflects well on the Financial Reporting Team and the teams within the modes given that the accounts had to reflect the:

- application of accruals accounting to all income streams notably taxi licence income and PCNs from Bus Lane Enforcement and Congestion Charging;

- integration of London Underground into the TfL Group;
- subsequent restatement of prior year comparatives; and
- full implementation of FRS17 – Retirement Benefits.

Our audit work identified a number of disclosure and presentational issues in the draft accounts which were discussed with officers, highlighted to the Audit Committee in July and resolved prior to the audit opinion being issued.

Looking forward to next year, the Accounts & Audit Regulations require the approval of the accounts by the Board and also publication a month earlier than for 2003/04, that is by 31 July 2005 and 31 October 2005 respectively.

The Board meeting at which the 2004-05 accounts will be approved has been brought forward by three weeks to mid-July. This should place TfL in a good position to achieve the requirement to bring approval and publication forward by a further month for the 2005/06 annual accounts.

Financial standing

TfL's financial position is soundly based. The organisation reported revenue reserves of £530m (split between earmarked and general fund reserves) and short term investments of £832m at 31 March 2004.

Level of Reserves and Bond Issue

TfL has built up significant levels of reserves since it was created in July 2000. The Corporation reported a surplus for the year of £105m after the transfer of £433K to earmarked reserves and the funding of subsidiaries of £1,396m. TfL reported total revenue reserves of £530m (split between general fund reserves of £126m and earmarked reserves of £404m) and short-term investments of £832m at 31 March 2004. This compares with the total to be financed from government grants and local taxation of £2,512m in 2003-04.

The latest available cash flow forecasts for 2004/05 show projected cash balances of £1,081 million at 31 March 2005, which takes into account the cash inflows from the initial £200m bond issue in December 2004. Whilst TfL has a prudential borrowing limit of £400m

for 2004-05, there are currently no plans to issue any additional bonds prior to 31 March 2005.

TfL has a significant capital investment programme aligned to its business plan and has assessed the associated funding requirements. Given the proposed investment programme it will be important for TfL to ensure that it has the physical capacity to deliver the proposed programme and to maintain its reserves at reasonable levels in the short to medium term.

Systems of internal financial control

KPMG LLP have not identified any significant weaknesses in the overall control framework. However, management should ensure that the Momentum project continues to address any issues regarding the operation and functionality of SAP.

Our audit work on the key financial systems and the work of Internal Audit highlighted that there were issues regarding the functionality of SAP. It also identified that the SAP system does not provide a direct audit trail between capital expenditure as recorded on SAP and prime records due to the configuration of the system. Officers are currently investigating whether a report can be produced which can generate a direct audit trail.

Internal Audit

As part of our audit work during the year an assessment of the effectiveness of internal audit was undertaken. The conclusion was that internal audit provides an effective service overall and that their work in support of the Corporate Governance Assurance Statement was in line with best practice.

Where Internal Audit have tested the design and operation of systems of internal financial control we have been able to place reliance on their work.

Standards of financial conduct and the prevention and detection of fraud and corruption

We have not identified any significant weaknesses in your arrangements to prevent and detect fraud and corruption.

Legality of transactions

We have not identified any significant weaknesses in the framework established by TfL for ensuring the legality of its significant financial transactions.

Our work at TfL to review the arrangements in place for ensuring the legality of transactions with a financial consequence consisted of:

- reviewing Board and Committee minutes;
- discussions with senior officers on a range of issues;
- obtaining specific legality representations on the year end accounts;
- investigation of concerns raised with us by electors or other interested parties.

We are pleased to note that TfL has continued to operate generally robust arrangements in this area in the past year.

We also noted that TfL continues to adopt a robust approach to areas potentially subject to legal challenge, for example, by obtaining Counsel's opinion on cross-border leasing arrangements.

In addition, we continue to be consulted on a variety of legally contentious matters which have a financial implication.

Other work

Grant Claims

Over recent years, the number of claims prepared by local authorities requiring audit certification has grown. In accordance with its Strategic Regulation policy, the Audit Commission has recently adopted a more risk-based approach to the certification of grant claims.

In previous years, TfL has only been required to submit two grant claims for audit. However, we did identify one claim in respect of 2003/04 which officers had not prepared by the submission deadline – this tends to indicate that officers were not aware of the existence of this claim and the requirement for it to be submitted for audit.

Where claims have been submitted, we have noted the improvement in TfL's arrangements for managing and quality assuring these claims/returns.

However, there are a number of areas where improvements to the process could be made including:

- the creation of a grant claim register to identify all grant claims/returns requiring certification
- where TfL is the lead organisation for a partnership in receipt of grant funding, officers should ensure that all necessary documentation required to support the entries in the claim is available prior to the audit commencing.

National Fraud Initiative (NFI)

The NFI, which is undertaken every two years, brings together data from local authorities, NHS bodies, government departments and other agencies, to detect a wide range of frauds against the public sector. Total savings from the 2002/03 exercise exceeded £83m.

The Commission are repeating the exercise this year and have invited TfL to take part in the initiative.

Looking Forwards

Future audit and inspection work

We have an agreed plan for 2004/05 and have reported in this letter those aspects that have already been completed. The remaining elements of that plan, including our audit of the 2004/05 accounts, will be reported in next year's Annual Audit & Inspection Letter. Our planned work is included on both the Audit Commission and LSIF (Local Services Inspectorates Forum) websites.

We have sought to ensure, wherever possible, that our work relates to the improvement priorities of TfL. We will continue with this approach when planning our programme of work for 2005/06. We will seek to consider, with you, your improvement priorities in the light of the first IPA assessment and your own analysis, and develop an agreed programme by 31 March 2005.

Revision to the Code of Audit Practice

The Audit Commission has consulted on a revised Code of Audit Practice for application to the audit of the 2005/06 accounts. The new Code, which will be laid before Parliament in January 2005, is designed to secure:

- a more streamlined audit, which is proportionate to risk and targeted on areas where auditors have most to contribute to improvement;
- a stronger emphasis on value for money, focussing on bodies' corporate performance and financial management arrangements; and
- better and clearer reporting of the results of audits.

Further details will be provided in the joint Audit and Inspection Plan 2005/06.

Closing remarks

This letter has been discussed and agreed with key personnel within TfL. A copy of the letter will be presented at the Audit Committee on 18 March 2005.

TfL has taken a positive and constructive approach to our audit and inspection and we would like to take this opportunity to express our appreciation for TfL's assistance and co-operation.

Availability of this letter

This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on TfL's website.

KPMG LLP
Appointed Auditor

Ken Davis
Relationship Manager

Date

Status of our reports to Transport for London

Our annual audit and inspection letter is prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Annual audit and inspection letters are prepared by relationship managers and appointed auditors and addressed to members and officers. They are prepared for the sole use of the audited and inspected body, and no responsibility is taken by the Audit Commission or its appointed auditors to any member or officer in their individual capacity, or to any third party.

Audit & Inspection reports issued

Audit Plan	March 2004
Audit Highlights Memorandum	July 2004
Internal Audit Effectiveness Report	July 2004
Best Value Performance Plan	November 2004
IPA Report	November 2004

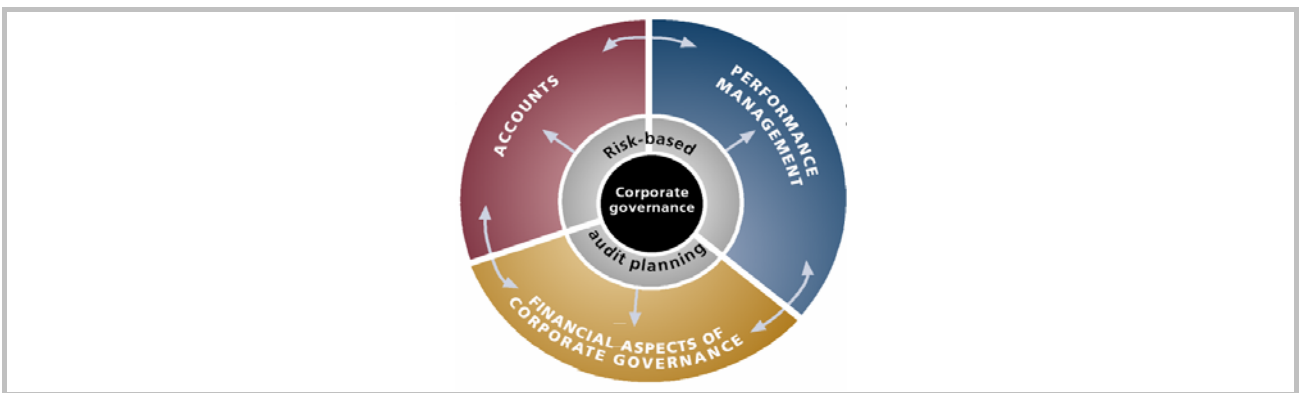
Scope of audit and inspection

Audit

Our main objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on your significant financial and operational risks that are relevant to our audit responsibilities.

Central to our audit are your corporate governance arrangements. Our audit is then structured around the three elements of our responsibilities as set out in the Code and shown in Exhibit 1.

The three main elements of our audit objectives



Accounts

- Opinion.

Financial aspects of corporate governance

- Financial standing.
- Systems of internal financial control.
- Standards of financial conduct & the prevention and detection of fraud and corruption.
- Legality of transactions.

Performance management

- Use of resources.
- Performance information.
- Best Value Performance Plan.

Inspection

Inspection work is based around section 10 of the Local Government Act 1999, which requires us to carry out inspections and deliver reports that will:

- enable TfL and the public to judge whether best value is being delivered;
- enable TfL to assess how well it is doing;
- enable the Government to assess how well its policies are being implemented; and
- identify failing services where remedial action may be necessary.

The Audit Commission has circulated to all audited bodies a statement that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement. What we say about the results of our audit should be viewed in the context of that more formal background.

Audit and Inspection fee

Audit fee update

Audit area	Plan 2003/04	Actual 2003/04
Accounts	175,000	175,000
Financial aspects of corporate governance	75,000	75,000
Performance	100,000	100,000
TOTAL CODE OF AUDIT PRACTICE FEE	350,000	350,000
Grant Claim certification	17,000	15,500 estimate
Additional Voluntary work (under Section 35)	-	-

Inspection fee update

The full year inspection fee is £105,000. The work reported in this audit and inspection letter has been funded by an element of the fee covering 2003/04 and by an element of the fee covering 2004/05. In both years the actual fee will be in line with that planned.