

Meeting: AUDIT COMMITTEE

Agenda Item:

Date: 8 June 2009

7

ANNUAL AUDIT & INSPECTION LETTER

Author - Mark Simpson Ext No. 2429
Lead Officer - Scott Crudgington Ext No. 2185
Contact Officer - Scott Crudgington Ext No. 2185

1 PURPOSE

- 1.1 To advise members on the Audit Commission's Audit and Inspection Letter for 2007/08 (see appendix A).

2 RECOMMENDATIONS

- 2.1 That the Audit Commission's Audit and Inspection Letter for 2007/08 be noted.
- 2.2 That the Strategic Director (Resources) addresses the actions contained in the letter.

3 BACKGROUND

3.1 Annual Audit and Inspection Letter

- 3.1.1 In accordance with the Code of Local Government Practice, each year the Audit Commission is required to issue an Audit and Inspection Letter, commenting on the Council's financial, legal and management arrangements.
- 3.1.2 The Audit and Inspection Letter must be prepared as soon as practical after the end of the financial year. It should be made available to Members and the public.
- 3.1.3 The Council's accounts for 2007/08 were approved by Council on 25th June 2008.

4 REASONS FOR RECOMMENDED COURSE OF ACTIONS AND OTHER OPTIONS

4.1 Annual Audit and Inspection Letter 2007/08

- 4.1.1 The District Auditor and the Audit Manager from the Audit Commission met with the Leader of the Council and the Executive Councillor (Resources), together with

the Strategic Management Board on 18th March 2009. That meeting allowed a constructive exchange of views between the District Auditor and representatives of the Council, concerning the contents of the Audit and Inspection Letter, which were overall positive in nature.

4.1.2 The key messages in the Audit and Inspection Letter are listed below.

- a. Stevenage Borough Council continues to improve the services which are important to its residents. Overall performance, as measured by a sample of performance indicators, is above the district council average. Sixty three per cent of indicators have improved over the last year, which is similar to the previous year and demonstrates the Council's sustained drive to improve services. The Council delivers good value for money.
- b. The Council provides strong community leadership and a commitment to partnership working to deliver community outcomes. Access to services has improved as the Council has responded to user feedback. Regeneration of Stevenage town centre is underway. In response to the current economic climate and increased unemployment and debt, the Council and its partners are working to support the community.
- c. The Council has the capacity to deliver its plans and sustain improvement in services. Effective processes for financial performance management are in place. Progress against the Council's priorities and action plans is closely monitored.
- d. The Council's overall score for use of resources increased from two (performing adequately) to three (performing well). There were a number of improvements in performance, most notably in respect of the Council's accounts.
- e. There were significant improvements in the quality of the accounts and their supporting working papers. There were also improvements in the Council's capital accounting arrangements. While further improvement is possible, the Council is now well placed to build on and enhance these improved arrangements.
- f. The Council's medium term financial strategy forecasts available general fund reserves reducing to £0.8 million by 2010/11. However, the Council plans to increase this balance in subsequent years. The achievement of this strategy will depend on the Council continuing to identify and deliver a substantial level of savings.
- g. Action has been taken to strengthen the management of the Internal Audit service and the quality of its work has improved. The service delivered an effective service for the 2007/08 financial year and has built on those arrangements for 2008/09.
- h. We continue to identify issues in our audit work on housing benefits, which we report to the Department for Work and Pensions and which could impact on the amount of subsidy the Council can claim. We recognise that a new housing benefit system will be introduced during 2009 to try to resolve some of these problems. As part of this, the Council will need to ensure that it does not carry across errors from the old system to the new system.

Members need to monitor the action taken to:

- i. continue to improve the quality of the accounts, particularly in respect of

further enhancing capital accounting arrangements.

- ii. implement the medium term financial strategy and deliver savings targets; and
- iii. implement the new housing benefit system and resolve the issues which are inherent in the current (old) system.

5 IMPLICATIONS

5.1 Financial Implications

There are no direct financial implications arising from this report.

5.2 Legal Implications

There were no legal implications identified at the time of writing this report.

BACKGROUND PAPERS

Code of Local Government Audit Practice.

APPENDICES

Appendix A - Annual Audit and Inspection Letter 2007/08.