

September 2012

Members  
City of York Council  
The Guildhall  
York

**Direct line** 0844 798 1675  
**Email** s-nicklin@audit-  
commission.gov.uk

Dear Member

## **City of York Council Annual Audit Letter 2011/12**

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of City of York Council.

### **Financial statements**

On 27 September 2012 I presented my Annual Governance Report to the Audit and Governance Committee. This set out the findings from my audit of the 2011/12 financial statements, and I will not replicate those findings in this letter.

Following the Audit and Governance Committee on 28 September 2012 I:

- issued an unqualified opinion on the Council's 2011/12 financial statements ;
- concluded that you have made proper arrangements to secure value for money;
- certified the Council's Whole of Government Accounts pack; and
- certified completion of the audit.

### **Value for money**

I have concluded that the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Council has successfully met one of its most significant financial challenges, delivering a balanced budget and savings of £21m this year. However, further spending reductions will be required and there is an increasing focus on prioritising services for those most in need.

I have summarised my findings in the Appendix to this letter.

### **Closing remarks**

I have discussed and agreed this letter with the Chief Executive and Director of Customer and Business Support Services. This has been another challenging year for the Council and I wish to thank your officers for the positive and constructive approach they

have taken to my audit. Also, as this is the last audit carried out by the Audit Commission's Audit Practice, I would like to take the opportunity to thank senior management and Members for their support and co-operation during this year's audit and also over the many years previously.

Yours sincerely

Steve Nicklin  
District Auditor and Engagement Lead

# Appendix 1-Value for money

I am required to conclude whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion, and I assess your arrangements against the two criteria specified by the Commission. These criteria, and a summary of my findings, are set out below.

**Table 1 - Value for money conclusion**

Criteria	Findings
<p><b>1. Financial resilience</b></p> <p>The organisation has proper arrangements in place to secure financial resilience.</p> <p>Focus for 2011/12:</p> <p>The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</p>	<p>The Cabinet receives regular and detailed reports about the financial position, savings required and strategies in place to tackle the problem. The medium term financial plan, together with more detailed annual budgets, set out how the Council intends to manage its finances over the next 3-5 years. Financial planning is based on realistic assumptions about pay, prices and funding, and the need to maintain adequate balances. Members are increasingly demonstrating their ability to make, and stick to, unpopular but necessary decisions.</p> <p>Budgetary control continues to improve and all financial data is subject to regular review. Although some particularly volatile budgets are expected to overspend in the current year, these are being proactively managed and are offset by underspends elsewhere.</p>
<p><b>2. Securing economy efficiency and effectiveness</b></p> <p>The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</p> <p>Focus for 2011/12:</p> <p>The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.</p>	<p>City of York is not a high cost authority, but continues to deliver services that compare favourably with the national average. Consultation with the public informs every budget setting round, and there is an increasing focus on providing services for those most in need. Some innovative models of service delivery are in place, and there is scope to do more. Targets for financial savings are offset by additional investment in priority areas such as regeneration, and care for vulnerable adults and children.</p> <p>The Council's approach to savings and efficiency improvements has been more top down in 2011/12, with targets given to each Directorate as part of the budget setting process. Savings delivery is monitored through the corporate risk management process, as well as budgetary control, and indications to date are that a balanced budget will be delivered.</p>

