

Audit and Governance Committee

6 December 2010

Report of the Assistant Director of Customer & Business Support Services
(Financial Services)

Annual Audit Letter 2009/10 - Audit Commission

Summary

1. This paper introduces the Annual Audit Letter 2009/10 (see annex A) prepared by the Audit Commission together with the council's response.

Background

2. The District Auditor reports annually his independent opinion of the council's arrangements based on an annual programme of work agreed by officers and members. This programme of work must meet the standards set out in the Code of Audit Practice and gives an opinion on the corporate governance arrangements at the council focused across 2 main areas:
 - the opinion given on the council's annual Statement of Accounts (including the Annual Governance Statement);
 - assessment of arrangements to achieve value for money in the use of resources
3. The Letter also provides details of the 2009/10 audit fee and a commentary from the Audit Commission on the current and future challenges facing the Council.

The council's response

4. The key messages contained in the Annual Audit Letter (AAL) which relate to the Financial Statements, were presented in detail to the Audit and Governance Committee on 29th September 2010 as part of the Annual Governance Report. The AAL notes the continued improvements in the quality of both the financial statements and supporting working papers, and states that work to implement new international financial reporting standards (IFRS) is progressing as planned. In terms of the issues identified through the audit relating to the Fixed Asset Register, this will become a primary focus of improvement in 2010/11, together with the implementation of the significant changes required under IFRS.

5. The AAL confirms that The Council has satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources (VFM). The Council's performance was assessed against criteria specified by the Audit Commission and arrangements were assessed adequate against each of the criteria. Paragraphs 21 to 25 of the AAL outline the strengths and improvements identified by the Audit Commission . Specifically the Audit Commission has identified sustained strength in:

- Risk management;
- A strong anti-fraud culture;
- Delivering services that represent good value for money

Improvements were also noted in:

- Medium Term Financial Planning;
- The strategic efficiency programme delivering all key year 1 targets in 2009/10;
- Progress in implementing data quality policies;
- Arrangements for performance management, specifically around benchmarking and target setting resulting from comparison with others;
- Effective procedures in place for procurement and asset management, and the Veritau shared service arrangement receiving national recognition

The Letter does draw attention to some inconsistencies in terms of workforce planning and management, and these issues will be addressed as part of the development of the centralised HR function.

6. In assessing the current and future challenges facing the Council, the AAL notes the financial pressures facing the public sector generally, and highlights the potential level of savings of £50m which could be required over the medium term. The report reflects that the Council's Transformation Programme (More for York) has already been developed as strategic approach to delivering the financial strategy.

Consultation

7. Not relevant for the purpose of the report.

Options

8. Not relevant for the purpose of the report.

Analysis

9. Not relevant for the purpose of the report.

Corporate Priorities

9. This report contributes to the overall effectiveness of the council's governance and assurance arrangements.

Implications

10. There are no financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report.

Risk Management

11. By not responding effectively to the matters contained in this report, the council will fail to properly comply with legislative and best practice requirements.

Recommendations

12. Members are asked to:

a) note the contents of this report and the Annual Letter itself, attached as the annex to this report;

Reason

To comply with the statutory requirements for the external audit of the council .

Contact Details

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Report Approved

Date

Specialist Implications Officers

Not applicable

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Annual Governance Report – Audit and Governance Committee 29th September 2010

Annex

Annual Audit & Inspection Letter 2009/10