

meeting COUNTY COUNCIL

date 28 JANUARY 2010

agenda item number **8**

## **REPORT OF THE CABINET MEMBER FOR FINANCE AND PROPERTY ANNUAL AUDIT LETTER DECEMBER 2009**

### **Purpose of the Report**

1. To inform Members of the content of the Annual Audit Letter December 2009.

### **Information and Advice**

2. The Audit Commission's Annual Audit Letter December 2009 has recently been finalised and a copy is attached.

The key features of the Letter are as follows:-

- a) the External Auditor has issued an unqualified opinion on the Council's Accounts for 2008/9 though the audit is not yet formally completed owing to two outstanding matters
  - b) the Council has been assessed as performing well, with a clear understanding of what needs to improve and has good leadership
  - c) spending was kept within budget in 2008/9 and although current financial health is sound, major challenges lie ahead
  - d) the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009.
3. The Letter contains the Organisational Assessment which summarises the Audit Commission's view of the performance of the Authority. The Commission concludes that overall, the County Council performs well. It states that important services are good with most improving and highlights the following:-
    - a) vulnerable adults and older people get some excellent services and very good support to live independently

- b) public transport is excellent with local people very satisfied with it
  - c) services for children and young people are performing adequately and better qualifications are being attained at school and college though there are some weaknesses in some aspects of arrangements for safeguarding children and young people
  - d) crime is reducing in some parts of the County but in some areas high crime and antisocial behaviour remains a significant problem
  - e) road safety and the environment is improving and the County Council is working well with its partners in helping the area through the recession
  - f) the Authority is managing its resources adequately, by planning and managing its budgets to make sure its services can meet the needs of local people.
4. The Commission says that the Council is very focused on what is important to improve the quality of local people's lives and understands the different issues for different parts of the County. It adds that the Council has a very good understanding of what needs to improve and what is most important, and has good leadership to ensure that this improvement is likely to happen.
5. On the Authority's financial statements and its financial position the Letter comments on the pooling of Pension Fund surplus cash with County Council surplus cash. It acknowledges that the Council's approach reflects common practice nationally but considers that the practice may be unlawful. It notes that the Council has reviewed its practice and the Audit Commission is currently considering the Council's response and is taking further advice to determine what action it should take.
6. The Authority's current financial health is sound with a County Fund balance of just under £25m at 31 March 2009 and adequate reserves set aside to meet known liabilities.
7. The Annual Audit Letter makes one recommendation as follows:-
- the Council must closely monitor its finances over the short and medium term and take decisions promptly to maintain a sound financial standing.
- Appropriate monitoring of the Authority's financial position will take place and action will be taken as necessary.
8. The Letter was discussed by the Audit Committee at its meeting on 15 December 2009 and noted by the Cabinet at its meeting on 21 December 2009.

## **Statutory and Policy Implications**

9. The Audit Commission Act 1998 details the work that the External Auditor is required to carry out as part of the audit of the Authority's Accounts. There are no equal opportunity considerations or crime and disorder implications arising from this report.
10. The External Audit fee for the 2008/9 financial year is estimated at £285,000.

## **RECOMMENDATION**

11. That the External Auditor's Annual Audit Letter December 2009 be noted.

**REG ADAIR  
CABINET MEMBER FOR FINANCE AND PROPERTY**

## **Legal Comments (SLB 7-12-09)**

The report is for noting only.

## **Background Papers Available for Inspection**

Nil