

 Finance and Audit Scrutiny Committee		Agenda Item No. 5
Title	Annual Audit Letter 2008/09	
For further information about this report please contact	Mike Snow 01926 456800 Mike.snow@warwickdc.gov.uk	
Service Area	Finance	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval

With regard to officer approval all reports *must* be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).

Officer Approval	Date	Name
Relevant Director	20/1/10	Andy Jones
Chief Executive		
CMT		
Section 151 Officer	20/1/10	Mike Snow
Legal		
Finance	20/1/10	Mike Snow
Portfolio Holder(s)		

Consultation Undertaken

Please insert details of any consultation undertaken with regard to this report.

Final Decision? Yes/No

Suggested next steps (if not final decision please set out below)

1. **SUMMARY**

- 1.1 This report comments on the Council's Annual Audit and Inspection Letter that is attached as an Appendix to this report. The letter is the Council's External Auditor assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by the Council's District Auditor, Dave Rigg. The External Auditors will attend the Finance and Audit Scrutiny Committee for this item.
- 1.2 Members of the Executive are invited to attend if they wish to discuss any particular matter with the Council's External Auditors.

2. **RECOMMENDATION**

- 2.1 The Committee considers the Annual Audit and Inspection Letter and if necessary agrees any further information required from either officers or the council's auditors.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 The Annual Audit and Inspection Letter is a letter to all members of the Council which needs to be given due consideration by appropriate committees.

4. **ALTERNATIVE OPTION CONSIDERED**

- 4.1 The Council's Chief Executive and S151 Officer could not recommend any alternative action than to consider the External Auditor's report.

5. **BUDGETARY FRAMEWORK**

- 5.1 There are no financial implications associated directly with this report. However it is possible that some of the individual proposals will require financial support. If this is the case, separate proposals will be put forward.

6. **POLICY FRAMEWORK**

- 6.1 By considering and addressing the issues raised in the letter members are acting in accordance with their priority of managing services openly, effectively and efficiently. The proposed areas of improvement are in line with corporate and service priorities as set out in the Corporate Strategy and service plans.

7. **BACKGROUND**

- 7.1 The auditor's report looks at a number of key areas based on their audit work in relation to 2008/09. This report brings together the main findings from three main areas.

- 7.2 Audit opinion and financial statements. The auditors prepared their Annual Governance Report based on the Council's 2008/09 financial statements. This report was presented to the Executive on 29 September 2009. The main issues coming out of that report were:-

- The 2008/09 Statement of Accounts received an unqualified audit certificate.
- There were a number of changes required to the initial accounts approved by Council in June 2009. The net impact of these changes were to increase the net worth of the Council by £916k in the balance sheet in addition to the net

assets of £377m. In addition £66,000 additional income was released to the General Fund. The changes required to the accounts were not perceived to be a problem or unusual given the complexities of the Accounting Requirements.

- Overall the audit had gone well, with the auditors pleased with the supporting working papers and responses from officers.

7.3 Value for money and use of resources. The Use of Resources report for 2008/09 was presented to the December 2009 Executive. Here the authority scored a “2” (Meets only minimum requirements – performs adequately). It was noted that this score reflected the new harder test from the updated Use of Resources regime, with 67% of district councils also achieved a score of 2.

Alongside the report to the Executive, a Use of Resources action plan was presented to members. This includes actions to be undertaken over the next year. With the next assessment taking place imminently for 2009/10, it was acknowledged that there was minimal time to put in place actions that would address all the issues arising out of the 2008/09 assessment.

7.4 Comprehensive Area Assessment – Oneplace. The final CAA report has only recently been received. This is subject to a separate report to the Executive on 3 February 2010.

7.5 Appendix 1 of the Annual Audit Letter provides details of the grant claims that were audited for 2008/09. It will be noted that the Housing and Council Tax Benefits Claim was the only claim to be qualified. This is the most complex of all the claims, running to several pages. As a result of this, this claim is regularly qualified by the auditors at many authorities. The cost of auditing the Benefits Claim was greatly reduced this year with much of the work being carried out by the Principal Benefits Officer – the 2007/08 audit cost over £37,000 compared to the £14,000 for 2008/09.