

RESPONSE TO THE DISTRICT AUDIT 2001 ANNUAL AUDIT LETTER

Report of Finance Director

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1. Purpose of report

To report the proposed responses to the four key issues and associated recommendations raised in the District Auditor's Annual Audit Letter of November 2001 (attached).

2. Background

The District Auditor in her Annual Audit Letter of November 2001 lists four key issues for members to address with details of the action required.

The four key issues relate to:

- (a) Financial standing;
- (b) Use of resources;
- (c) Best Value Performance Plan; and
- (d) Performance Information.

The proposed responses to the recommendations are set below. The Committee are invited to endorse responses 1 and 2. Responses 3 and 4, meanwhile, fall within the remit of the Cabinet, who will take account of these when drafting the Best Value Performance Plan for 2002/2003.

3. Key Issues/Recommendations and Responses

Key Issue 1. Financial Standing

'Whilst the level of reserves and balances remain comparatively low, the Council is heavily reliant upon accurate budgeting and strong budgetary control.

Recommendation:

The Council needs to ensure that its balances are kept under review to ensure an adequate level is maintained.'

Response

The actual and predicted level of reserves and balances are reviewed at appropriate intervals; monthly and annually. The current level of reserves has been affected by delays in the disposal of certain key properties and the need to 'pre fund' several major school's reorganisations. The impact of these issues is fully understood and the balance position is projected to continue to recover the underlying level of some £14 million by the end of financial year 2002/2003.

Key Issue 2. Use of Resources

'The Council has continued to demonstrate sound arrangements for achieving value from its use of resources.

Recommendation:

In our review of school budgets we noted that whilst arrangements are generally good, the Council should continue to provide support to schools to ensure appropriate use of reserves for the delivery of services.'

Response

Officers have agreed an Action Plan to implement each of the report's recommendations, and work is already under way to achieve this. In particular, the School Funding Team and the School Development Advisers are developing ways to further support schools in making best use of their resources.

Key Issue 3. Best Value Performance Plan

'The Council's 2001/2002 Best Value Performance Plan (BVPP) complied in all significant respects with statutory guidance.

Recommendation:

The Council should continue to balance its departmental and corporate priorities in order to ensure that the weakest performing services and corporate targets are prioritised.'

Response

The Council is substantially revising its Best Value Review programme to ensure that it is in line with current corporate priorities and member promises, and those areas that have the greatest potential for development and improvement are being prioritised. This is expected to result in fewer, larger, themed reviews focused on service improvement.

Key Issue 4. Performance Information

‘From our work in relation to the Best Value Performance Plan we have concluded that the Council could improve the effectiveness of its performance monitoring through strengthening its approach to collating performance indicators.

Recommendation:

The Council needs to ensure a robust approach is taken to producing PI information.’

Response

Officers will ensure a more robust approach to producing PI information. This will include guidance on calculating estimates and setting targets, and on the evidence necessary to justify data. This will also provide further commentary for data given, develop greater independent verification of the data given and further develop the system of responsible officers so that the named officer can explain the data. The system for collection of data will be enhanced to reinforce these points.

4. Publication of the 2001 Annual Audit Letter

Following a recent legislative change the Council is required to publish the Annual Audit Letter as soon as reasonably practicable following its receipt and to keep copies of the letter available for purchase by any person on payment of a reasonable sum.

To fulfil this new requirement the Council intends to place the Letter on the Council’s web-site (www.hertsdirect.org); and make reference to it in HERTSDIRECT the Council’s newspaper.