

**HERTFORDSHIRE COUNTY COUNCIL  
AUDIT COMMITTEE  
TUESDAY 27 MARCH 2001 AT 9.30 A.M.**

Agenda Item No:

**3**

**RESPONSE TO THE DISTRICT AUDIT MANAGEMENT LETTER 1999/2000**

*Report of Finance Director*

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**1. Purpose of the Report**

To provide members with a response to the key issues raised in District Audit's Management Letter of November 2000.

**2. Summary**

Processes have been put in place which address three of the four key recommendations made in the Management Letter.

On the fourth, namely that the Council should conduct a review of the new political structure after its first year of working, the form such a review will take will need to be agreed by the incoming administration following the May elections and a suitable induction period for new members.

**3. Conclusion**

The Committee are invited to agree that a copy of the responses set out in the report should be sent to District Audit as the formal response to the Management Letter.

## 1. **Background**

In his Management Letter of November 2000, the District Auditor (DA) listed 4 key issues for members to address, arising from the audit of the 1999/00 accounts, with details of the action required to address these issues.

The four key issues and associated recommendations are set out below along with the County Council's response.

## 2. **Key Recommendations and Responses**

### 2.1. **“The success of implementing Best Value initiatives needs to be built upon to ensure that real benefits are secured for the Council”**

*Recommendation R1*- “Members should ensure that they have in place a reliable process to monitor the progress and assess the achievements and benefits resulting from the Best Value reviews.”

Response – The Council's standard methodology for conducting reviews explicitly requires the costs of the review, actions required to achieve outcomes, the expected financial benefits and the outcomes themselves to be identified in final reports to Cabinet.

The agreed Best Value Action Plan(BVAP), with targets, timescale, milestones and responsible officer(s) is considered by the Senior Management Board before it is finally agreed, and Chief Officers are responsible for ensuring that agreed actions are implemented.

The Assistant Chief Executive (Best Value and Scrutiny) keeps an up-to-date list of BV targets with deadlines against which to monitor performance and requires responsible officers (as identified in the BVAP) to report against the milestones.

An aggregate quarterly report has now been introduced, which goes to Cabinet Members, reporting on performance against BV targets, reasons for any shortfall and proposed action to fill shortfall. Attention in this reporting mechanism is focused on the actual service improvements and savings (if any) that have resulted from reviews and away from simple reporting of action taken. Best Value review training for lead officers is also now emphasising the importance of addressing these issues.

If there are substantial changes to the agreed action plan these have to be agreed by the Cabinet.

**2.2. “The Council has recently implemented a revised political structure”**

*Recommendation R2- “The Council should conduct a review of the structure after its first year of working to assess its operational effectiveness.”*

Response- This is something which the new Council will be asked to do after the elections in May 2001, and following a suitable period of induction for new members. The format and timing of any review will therefore need to be discussed with the incoming administration.

**2.3. “Partnership working will become a key element of future service delivery”**

*Recommendation R3– “As partnership arrangements are developed involving different departments of the Council and different agencies it is important to try to identify good practices so that they can be spread throughout the Council.”*

Response- HCC’s scrutiny process identifies good practice and encourages dissemination throughout the Council. Increasingly, Select Committees are addressing the engagement of partners as part of their remit.

Partnership working is at the core of the approach HCC is adopting to community planning. The local and county community strategies will set the planning frameworks and approaches to partnership working that build on recognised good practice.

**2.4 “At the 31 March 2000 revenue reserves were at very low levels.”**

*Recommendation R4- “There is a continued need to have in place comprehensive, accurate budgeting and budgetary control procedures through the forthcoming period of possible reallocation of resources.”*

Response- A new budget monitoring process has been agreed with members, whereby detailed updates on forecast revenue and capital outturn are provided to members within 6 weeks of each quarter-end, with summary updates provided for the remaining months.

These will be provided both at individual service level to the relevant portfolio holder and select committee members, and at a consolidated level across all services to the Resources portfolio holder and Resources Select Committee members.