

HERTFORDSHIRE COUNTY COUNCIL

REPORT OF THE POLICY COMMITTEE 16 DECEMBER 1999

NOTE: A copy of the report mentioned below have been sent to all members of the Council. Further copies are available from Janet Purcell, Room 222, County Secretary's Department, County Hall, Hertford. (Telephone: 01992 555562)

1. DISTRICT AUDITOR'S MANAGEMENT LETTER TO MEMBERS FOR THE 1998/99 FINANCIAL YEAR

1.1 Introduction

District Audit (the external auditors of the County Council) produce a Management Letter to Members each year. This is required by legislation, and is an independent summary (produced in accordance with the Audit Commission's Code of Practice) of how the County Council is discharging its stewardship of public money.

The latest Management Letter summarises for Members the results of the District Auditor's 1998/99 audit work and comments where appropriate about past work and current progress.

A copy of the Letter has been sent to all members of the Council and was considered by the Scrutiny and Audit Panel on 18 October, who will continue to monitor progress on the issues raised. The Policy Committee on 16 December also noted the contents of the Letter and instructed officers to progress the action required of them to meet the District Auditor's recommendation.

1.2 Overall conclusion

In the District Auditor's opinion the Council has performed well in meeting its challenges and has progressed its own programme of change, for example the Herts Connect project and revision of the committee structure, whilst giving due attention to Government proposals. The District Auditor comments that the County Council continues to be innovative and forward looking.

Most of the key issues identified in the Management Letter relate to Best Value requirements and the District Auditor considers that possibly the greatest challenge for the County Council will be to inspire service users and to convince them of the benefits of Best Value. This will involve further development of 'two-way' communications to meet expectations and secure achievements in providing continuous service improvements resulting from Best Value initiatives.

The experiences gained, for example, from the Herts Connect project, should place the Council in good shape to meet these new demands. The District Auditor will plan his future work to assist as far as he can.

1.3 Audit objectives and conclusions

The audit conclusions for 1998/99 are summarised below:-

Code of Practice objective	Audit conclusions
Value for money	The District Auditor has found examples of good practice in all areas of the audit which demonstrate that the Council strives to use its resources to best effect. The Best Value requirements pose a significant challenge.
Financial health	The Council's general financial standing is sound but there continues to be significant pressures on the revenue budget. The Council continues to adopt a financially prudent approach to the management of its affairs.
Statement of accounts	There are no matters that need to be brought to Members' attention.
Financial systems	The systems reviewed were found to be adequately designed and operating satisfactorily to prevent occurrence of any material error or irregularity. Improvements to strengthen control procedures are being implemented.
Anti-fraud and corruption	The Council's overall arrangements to prevent and detect fraud and corruption comply with good practice. No significant weaknesses were identified in the specific areas examined. The incidence of identified fraud is low.
Legality	The Council has appropriate arrangements in place for ensuring the legality of its financial transactions.
Performance indicators	The arrangements in place to produce and publish the performance indicators are adequate. Decisions will be needed soon on the extended range of performance indicators.

1.4 Key issues arising from the 1998/99 audit

The Letter focuses on key issues and identifies where improvements can be made against a background of high standards and good performance. The key issues are summarised below:-

Key issue	Action required
Best Value	
Best Value legislation has to be implemented and will post a significant new challenge.	As the requirements of Best Value legislation become clearer there will be a need for members to ensure that management arrangements are established and to monitor and assess progress regularly to ensure compliance.
Year 2000	
Preparations for the year 2000 should be completed.	Close monitoring is required in the immediate future to ensure that any outstanding issues relating to preparations for the year 2000 are resolved. [<i>The report to Policy Committee on 27 January summarises the Council's success in preparing for Year 2000.</i>]
Financial health	
There is a need to match the resources available to the Council with the published expectations of Best Value initiatives.	Budget setting and control procedures need to be developed as soon as possible to ensure alignment with the Best Value targets.
Performance indicators	
A range of performance indicators will be required to gauge progress and outcome in meeting Best Value objectives.	The local performance indicators need to be relevant to both Best Value Performance Plan and to the service review programme and need to be adopted as soon as possible in order to put in place arrangements for collection of data.

1.5 Conclusion

The District Auditor's overall conclusion on the County Council's performance during 1998/99 is that the Council performed well in meeting the challenges it faced.

The results of the District Auditors work is documented in reports and memoranda to officers and each incorporates an action plan. Progress in meeting the action required to address the key issues will be monitored by the Scrutiny and Audit Panel.

Robert Ellis
Chairman

County Hall
Hertford

16 December 1999