

AUDIT COMMITTEE

13 DECEMBER 2012

REPORT OF HEAD OF RESOURCE MANAGEMENT

A.3 EXTERNAL AUDIT RECOMMENDATIONS – PROGRESS / UPDATE, AUDIT COMMISSION'S ANNUAL AUDIT LETTER AND GRANT CLAIMS REPORT 2011/12

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to the Committee an update and progress against recommendations made by the External Auditor along with the Audit Commission's Annual Audit Letter and Grant Claims Report 2011/12.

EXECUTIVE SUMMARY

Following their annual audit work and associated reporting, the External Auditor may make a number of recommendations across various areas of the Council's activities. A key responsibility of the Audit Committee is to review and agree the Council's responses to such recommendations and ensure through regularly monitoring that the appropriate actions have been taken.

An update on progress to date is set out in **Appendix A**. There are currently no significant issues to report and actions are currently being progressed or form part of the current reorganisation that is currently on-going.

The Annual Audit Letter for 2011/12 has also recently been received from the Audit Commission which primarily summarises the outcomes from various audit activities undertaken during the year. The key messages set out in the letter highlight that the Council received an unqualified opinion on its financial statements and had made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

A number of claims and returns made by the Council were subject to audit by the Audit Commission in accordance with the terms of the grant or subsidy. The Audit Commission's detailed report is attached with no significant issues highlighted.

RECOMMENDATIONS

That the Audit Committee:

a) Reviews and notes the progress against the External Audit Recommendations Action Plan.

b) Notes the contents of the Annual Audit Letter 2011/12

c) Considers and notes the Audit Commission's grant claims report 2011/12.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The aim of continuing to be financially stable and well managed and provide good value for money is directly supported through learning and improving through audit and inspection.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

There are no direct financial implications arising from this report although a reduction in external audit fees for the year has been highlighted for the grant claim element of the External Auditor's work.

If additional resources are required to deliver any agreed actions then appropriate steps will be taken including any necessary reporting requirements.

Risk

Not responding practically and timely to outcomes from audit and inspection may have an impact on the delivery of the Council's priorities, reputation, governance arrangements and overall control environment.

LEGAL

There are no legal implications associated with the monitoring and implementation of Audit Commission Recommendations.

The Annual Audit Letter is required to be published by the Audit Commission and made available to all members by the end of November each year. A copy of the Annual Audit Letter 2011/12 was sent to all members by the end of November 2012.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

This report does not have a direct impact although items could feature in the recommendations and subsequent action plans in future external audit reports. Any actions that may have an impact will be considered and appropriate steps taken to address any issues that may arise.

PART 3 – SUPPORTING INFORMATION

UPDATE ON PROGRESS AGAINST EXTERNAL AUDIT RECOMMENDATIONS

The external auditor may make a number of recommendations to the Council following the completion of audit activity they undertake in a number of areas of the Council's business each year.

The approval and seeking of assurances that appropriate actions are being taken in response to the External Auditor's recommendations is a key activity of the Audit

Committee.

A list of outstanding recommendations and an update on progress is set out in **Appendix A**, which highlights that work remains in progress / on-going against the outstanding actions.

Progress against the recommendations is presented to the Audit Committee on a six monthly basis to enable actions to be implemented and embedded before reporting back to the committee, which balances good governance arrangements with practical implementation times. However a summary of progress against these recommendations in the interim period will be included in the table of outstanding issues presented to each meeting of the Committee to ensure any significant issues that may arise are brought to the attention of the Committee at the earliest opportunity.

AUDIT COMMISSION'S ANNUAL AUDIT LETTER 2011/12

There are a number of different strands of external audit inspection undertaken during the year such as specific activity in relation to the financial statements and value for money opinion. The outcomes from these activities are reported to the Council separately as they are completed during the year. The Annual Audit Letter is effectively an end of year report for the Council which captures and summarises these outcomes in one document. It is primarily directed to Members but it must also be made available as a public document.

The Audit Commission's **Annual Audit Letter** relating to 2011/12 is attached which is more concise than in previous years with the primary audit work undertaken being in connection with the Council's Financial Statements and value for money opinion, which was set out in more detail in a separate report to the 25 September 2012 meeting of the Committee. No significant issues have been raised relating to 2011/12.

AUDIT COMMISSION'S GRANT CLAIMS REPORT 2011/12

The Council is responsible for completing, certifying and submitting the required claims and returns in accordance with the instructions and timescales issued by the relevant government department or body.

The Audit Commission are required to make appropriate certification arrangements for various claims and returns based on their value. The Audit Commission's report setting out the outcomes from the audit work they have undertaken is attached.

No claims were subject to qualification with only a small amendment required against the Benefits and Council Tax Scheme and the nature of this did not require additional testing to be undertaken. This position has contributed to the reduction in external audit fees for this element of work.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES**APPENDIX A – External Audit Recommendations – Action Plan****ATTACHED**

Audit Commission's Annual Audit Letter 2011/12

Audit Commission's Grant Claims Report 2011/12

EXTERNAL AUDIT RECOMMENDATIONS - ACTION PLAN

Audit Year	External Audit Report	Recommendations / Opportunities for Improvement	Progress / Comments	Status / Target Date
2009/10	Regeneration Review (presented to the Audit Committee 23 September 2010)	R1 Ensure that the strategic framework for regeneration is completed and agreed. This includes the Regeneration Strategy; the Tourism Strategy, and the Economic Recovery Plan. The first two strategies to be supported by a SMART and robust delivery plan that sets out clear, challenging and realistic targets. To include: <ul style="list-style-type: none"> - Matching the scale of ambition to available resources of the Council and partners; - Prioritising available resources at areas that will have the greatest impact; - Reflecting current economic conditions; and - Producing service delivery plans which clearly focus on the areas for which the Council is responsible, as part of 'mainstreaming' approach 	<p>The overall delivery of regeneration and the structures and bodies necessary to deliver the Council's aims form part of the whole Council restructuring and Fundamental Service Review processes. A Fundamental Service Review of the Regeneration Service remains in progress and the outcome will establish the strategic and operational role of Regeneration alongside the associated delivery arrangements.</p> <p>Set against these organisational changes, a combined delivery plan for regeneration and tourism is being prepared based on the core themes of Harwich (growth opportunities), West Clacton and Jaywick (housing and regeneration), Tourism and Economic Development.</p> <p>Procurement activity is currently underway to identify partners to support the Council in preparing the Economic Development Strategy and Implementation Plan along with exploring ways to maximise external funding opportunities available to the Council.</p>	<p>Rstructuring / FSR process - March 2013</p> <p>Development of Wider Regeneration Initiatives to be progressed and developed with partners during 2013.</p>
		R2 Clarify which of the relevant agencies or delivery vehicles is responsible for delivering which regeneration projects and to what timeline. This clarification should include: <ul style="list-style-type: none"> - The governance and reporting arrangements; - The project management arrangements; and - The funding available to set against the project. 		
		R3 Develop and implement systems to support the understanding, monitoring, delivery and review of the full value for money of regeneration activities of both the Council and its partners. To include: <ul style="list-style-type: none"> - Continuous evaluation of activities against key outcomes; - Assessment of projects delivered, set against investment, including officer time; and - A clear strategy for the use of Council funds and assets and their contribution towards delivering objectives. 		

3 October 2012

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Dear Member

Tendring District Council - Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Tendring District Council.

Financial statements

On 25 September 2012 I presented my Annual Governance Report (AGR) to the Audit Committee outlining the findings of my audit of the Authority's 2011/12 financial statements. I will not replicate those findings in this letter.

Following the Audit Committee on 25 September 2012 I:

- issued an unqualified opinion on the Authority's 2011/12 financial statements included in the Authority's Statement of Accounts;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources; and
- certified completion of the audit.

Closing remarks

I have discussed and agreed this letter with the Chief Executive and Head of Resource Management. While this has been another challenging year for the Authority I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit Committee for their support and co-operation during the audit.

Yours sincerely

Neil Harris
District Auditor

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