

North Tyneside Council Report to Council Date: 26 January 2012

ITEM 7

Title: 2010-11 Annual
Audit Letter

Portfolio(s): Elected Mayor Finance	Cabinet Member(s): Linda Arkley Cllr Judith Wallace
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Report from Directorate: Finance and Resources

Report Author: Jon Ritchie, Head of Finance
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Corporate Finance
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Wards affected: All

PART 1

1.1 Purpose

- 1.1.1 The purpose of the report is to present to Council the Audit Commission's Annual Audit Letter ("the Letter").
- 1.1.2 The Letter summarises many of the points raised in the Audit Commission's Annual Governance Report which was presented to the Audit Committee on 28 September 2011 and included an action plan in response to the recommendations made by the Audit Commission.
- 1.1.3 The Letter will be presented by the Audit Commission at Council on the 26 January 2012.

1.2 Recommendation(s):

It is recommended that Council notes the contents of the Annual Audit letter.

1.3 Forward plan:

- 1.3.1 This report appears on the Forward Plan for the period 1 January 2012 to 30 April 2012.

1.4 Council plan, policy framework:

- 1.4.1 The Letter reflects all aspects of the Council Plan.

1.5 Information

1.5.1 The full Letter is attached as Appendix A to this report. The letter covers the period 1 April 2010 to 31 March 2011.

1.5.2 The Letter covers:

- The overall conclusion in respect of the Council's Financial statements which includes the annual governance statement;
- The assessment of arrangements to achieve value for money in the Council's use of resources, and
- Current and future challenges.

1.5.3 The District Auditor issued an **unqualified opinion** on the Council's accounts for 2010/11. In this context unqualified means that the Auditor was satisfied with the quality of the Council's accounts, which is a positive outcome for the Council.

1.5.4 The Annual Governance Report presented to the Audit Committee on 28 September 2011 includes more detailed information in respect of the findings of the audit of the 2010-11 Financial Statements. This report included an agreed action plan for the delivery of the agreed improvements.

1.5.5 The District Auditor issued an **unqualified Value for Money conclusion**, confirming that the Council had adequate arrangements in place for securing economy, efficiency and effectiveness in its use of resources.

1.5.6 No specific recommendations relating to Value for Money are made in the letter however it does highlight key challenges for the Council as follows:

- Ensure CEI savings are achieved, and
- Ensure that newly implemented Workforce Planning arrangements are fit for purpose.

1.6 Decision options:

Council is recommended to note the contents of the Annual Audit Letter. Alternatively it could request further information.

1.7 Reasons for recommended option:

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money, and that proper arrangements are in place to secure value for money. There is a requirement as part of the Accounts and Audit (England) Regulations 2011 that Council must receive and consider and publish the Annual Audit Letter received from the external auditor.

1.8 Appendices:

Appendix A: Annual Audit Letter November 2011

1.9 Contact officers:

Jon Ritchie, Finance Service, Tel 643 5800
Janice Gillespie, Finance Service, Tel 643 5701
Allison Mitchell, Internal Assurance and Risk Management Tel 643 5720

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author:

- Annual Audit Letter, North Tyneside Council, Audit 2010/11 (Audit Commission) November 2011
- Annual Governance Report, North Tyneside Council, Audit 2010/11 (Audit Commission) September 2011 (P)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications arising from this report. Where any of the individual actions require financing, this will be reported separately to Cabinet and /or Council as appropriate.

2.2 Legal

There is a requirement as part of the Accounts and Audit (England) Regulations 2011 that Council must receive consider and publish the Annual Audit Letter received from the external auditor.

2.3 Consultation/community engagement

2.3.1 Internal Consultation has taken place with the Mayor, the Cabinet Member for Finance, Strategic Directors and relevant officers of the Council.

2.3.2 External Consultation/Engagement has taken place with the Audit Commission.

2.4 Human rights

There are no human rights implications arising from this report.

2.5 Equalities and diversity

There are no equalities and diversity implications arising directly from this report. The format of the Audit Letter is prescribed at a national level by the Audit Commission but discussion have been held with the Audit Commission in order that they can consider changes required to meet the Council's formatting guidelines for the publication of future reports.

2.6 Risk management

The risks associated with this report have been considered and discussed with the Risk Advisor and will be raised and managed in accordance with the North Tyneside Council risk management process.

2.7 Crime and disorder

There are no crime and disorder implications arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability implications arising from this report.

PART 3 - SIGN OFF

- Strategic Director(s) x
- Mayor/Cabinet Member(s) x
- Chief Finance Officer x
- Monitoring Officer x
- Strategic Director with responsibility
For Community Engagement x