

Meeting:	Cabinet
Date:	26 March 2009
Subject:	Annual Audit and Inspection Letter
Key Decision:	No
Responsible Officers:	Myfanwy Barrett Corporate Director of Finance Tom Whiting Assistant Chief Executive
Portfolio Holders:	David Ashton Leader and Portfolio Holder for Strategy, Partnership and Finance Paul Osborn Portfolio Holder for Performance, Communication and Corporate Services
Exempt:	No
Enclosures:	Annual Audit and Inspection Letter – to follow

Section 1: Summary and Recommendations

This report relates to the Annual Audit and Inspection Letter.

Recommendations:

That Cabinet notes the Annual Audit and Inspection Letter.

Reason

To publish the Annual Audit and Inspection Letter and ensure that the Council is responding to the issues raised in the letter.

Section 2: Report

1. Each year the Audit Commission produces an Annual Audit and Inspection Letter (AAIL) which summarises the findings from all the audit and inspection activity in the period in question.
2. This AAIL covers the audit of the 2007-08 accounts, the Use of Resources assessment carried out in 2008, and the CPA scores and direction of travel assessment which were published in March 2009. It also captures inspection activity up to the end of 2008.
3. The key messages are set out at the beginning of the AAIL. Overall the message is very positive and the AAIL demonstrates the improvements made by the Council in the last year.

Audit of the Accounts and Value for Money

4. Over the last 3-4 years members and officers have worked very hard to resolve the Council's financial problems and the medium term financial strategy reflects the importance of increasing general reserves.
5. The Corporate Director of Finance is taking action to ensure that the process to produce the 2008-09 accounts and support the audit is effectively managed and work on the main risk areas is already underway with the External Auditor. The issues raised in the detailed report on the accounts last year, the Annual Governance Report (ISA260), are being addressed.
6. In relation the Use of Resources, very significant progress has been made in the last year and the score has improved from 2 to 3. The Council is on track to come in on budget this year, and to add £1m to general reserves as planned. The 2009-10 budget process was successful and effectively integrated with the development of the corporate plan.
7. Work is now underway to prepare the self assessment for the 2009 Use of Resources review, due to be carried out in April and May.

Performance and Direction of Travel

8. The Audit Commission's overall judgement is that Harrow Council is improving well and they have classified Harrow Council as two-star in its current level of performance under the Comprehensive Performance Assessment.
9. However, the fact that the overall rating has stayed the same masks the extensive improvements that have been made in a number of service areas.

Service Inspections

10. Service inspection activity is set out in the AAIL.

Looking Ahead

11. The AAIL highlights the need for the Council to prepare for the new Comprehensive Area Assessment (CAA) regime and the move to International Financial Reporting Standards (IFRS). The new CAA regime includes a revised approach to Use of

Resources that has much wider scope and includes two significant new areas – management of the workforce and natural resources.

Audit and Inspection Activity in 2009-10

12. The Audit Commission is working on its plan for 2009-10 and this will be reported to Cabinet in May or June.

Financial Implications

13. The AAIL covers the audit of the Council's accounts for 2007-08 and the Use of Resources assessment carried out in 2008.

Performance Issues

14. The AAIL confirms that the Council is 2 star improving well.

15. Close monitoring is taking place of all key indicators through the improvement boards.

Environmental Impact

16. As noted above, the Council's management of natural resources will be included in the Use of Resources assessment in 2009.

Risk Management Implications

17. Risk management is included in the Use of Resources assessment. The Council scored 3 in this area in 2008.

Section 3: Statutory Officer Clearance

Name: Myfanwy Barrett	<input checked="" type="checkbox"/>	On behalf of the Chief Finance Officer
Date: 13 March 2009		
Name: Hugh Peart	<input checked="" type="checkbox"/>	On behalf of the Monitoring Officer
Date: 17 March 2009		

Section 4: Performance Officer Clearance

Name: Tom Whiting	<input checked="" type="checkbox"/>	Divisional Director (Strategy & Improvement)
Date: 17 March 2009		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director (Environmental Services)
Date: 16 March 2009		

Section 6: Contact details and background papers

Contact: Myfanwy Barrett, Corporate Director of Finance
020-8420-9269

Background Papers:

None