

# Annual Audit Letter

Redcar and Cleveland Borough Council

Audit 2008/09

October 2009



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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
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# Key messages

**This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.**

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## Audit opinion

- 1 I issued an unqualified opinion on the Council's financial statements.
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## Financial statements

- 2 There has been a marked improvement in quality and accuracy of the financial statements presented for audit and supporting working papers this year.
  - 3 We identified weaknesses in two areas of the Council's financial systems relating to the control of items of plant and equipment, particularly IT equipment, and recording commitments in the creditors system. The Council has responded quickly to the issues raised by resolving the issues with the creditors system and improving the controls over vehicles, plant and equipment.
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## Value for money

- 4 I have given an unqualified value for money conclusion and the Council achieved an overall score of 2, performing adequately on use of resources.
  - 5 We have noted improvements in a number of key areas of the Council's arrangements this year, arising from the change programme instigated by the Chief Executive and supported by the Cabinet, with substantial changes in management arrangements being introduced during the year and action taken to improve corporate governance procedures. A number of these improvements were, however, not put in place until the latter part of 2008/09 and the overall assessment for managing finances and managing resources was a level 2 score, performing adequately.
  - 6 The Council has achieved a level 3 (performing well) for managing resources, considering its approach to sustainability and how it manages its assets. There have been significant reductions in the carbon footprint since 2007 and there is a clear recognition of what is needed to deliver sustainable developments.
  - 7 Progress is being made in tackling the significant health inequalities in the North East through leadership from regional agencies, partnership working between public sector bodies and the voluntary sector at the local level, and by increasing or prioritising funding. More action is needed to progress further and faster.
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### Significant issues arising from the audit

- 8 The economic downturn and banking crisis are having a very significant impact on public finances and the bodies that manage them. The impact on treasury management strategies has been immediate, but there are wider and more fundamental impacts on the ability of public sector bodies to fund service delivery and capital programmes, including pressures on income streams. There are further challenges for policy priorities where patterns of demand for services are changing.
- 9 The banking crisis had a direct impact on the Council as it had £6 million invested in two Icelandic banks at the time when these banks went into liquidation, with £4 million of this invested in October 2008 after the credit ratings had been reduced to below acceptable levels. Treasury Management advisors have estimated that some £4.5 million will be recovered over the next three years and the impact of the loss of interest on these investments has been managed within the medium term financial plan. However, the unrecoverable amount will be a cost to the Council taxpayer over the next three years. Action has been taken to improve treasury management arrangements in the Council.
- 10 The budget setting process for 2009/10 was challenging as the Council had to find £9.2 million of efficiency savings. Proposals from the Government indicate the future funds for public services will be restricted and the Council has built further efficiencies into its medium term financial plan. The programme of efficiency savings is very ambitious and the Council needs to monitor the achievement of these savings and challenge the action plans behind the savings to ensure that they are robust and clearly understood. Executive Management Team and Scrutiny Committee are undertaking monthly monitoring of the achievement of efficiencies.
- 11 The Council has a relatively low level of general reserves, £4.2 million at 31 March 2009. The success of the medium term financial plan relies on these reserves increasing to £6.8 million by the end of 2009/10. Consequently there is very little capacity if services overspend their budgets. The Council needs to ensure that financial and service planning and monitoring models are robust enough to deliver its financial objectives.
- 12 The Council's capital programme has a shortfall of funding against proposed spend of £24 million over the life of the medium term financial plan. The revenue consequences of additional borrowing to finance this spend would have to be built into the medium term financial plan. The Council will need to reprioritise the capital programme over the medium term.

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### Comprehensive Area Assessment and Organisational Assessment

- 13 Comprehensive Area Assessment (CAA) is a new mechanism for assessing locally delivered public services. CAA brings together judgments from the Audit Commission, Care Quality Commission, HM Inspectorates of Constabulary, Prisons and Probation, and Ofsted into one coordinated view of public services in an area. The primary focus of CAA is on the place and not organisations, on outcomes achieved for the community, rather than the process, and on prospects for the future.

## Key messages

- 14 The joint assessment for the area was published on the Oneplace website on 10 December 2009.

### Actions

- 15 Detailed recommendations have been made as part of the specific reports we have produced during the year. We have noted improvements in many areas of the Council's arrangements this year. A key focus of the 2009/10 audit will be to assess the extent to which these improvements are delivering better outcomes and value for money. Key recommendations for the Council are shown below and the response is contained in the Action Plan in Appendix 1.

Recommendations	
<b>R1</b>	The Council needs to ensure that recommended improvements in asset management and creditors systems are introduced as a matter of urgency.
<b>R2</b>	Members should ensure that recommendations made in our Use of Resources report are implemented as agreed.
<b>R3</b>	The Council should work with partners, using the recommendations in our health inequalities reports to improve targeting and performance management, making effective use of the voluntary sector and community views.
<b>R4</b>	The Council needs to monitor the achievement of savings in the 2009/10 budget and challenge the action plans behind the achievement of the savings to ensure that they are robust and clearly understood.

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### Other issues

- 16 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.
- 17 The audit fees for 2008/09 are shown in Appendix 2.

# Financial statements and annual governance statement

**The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.**

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- 18 I gave an unqualified opinion on the Council's financial statements for year ended 31 March 2009.
- 19 There was one material adjustment required to the Income and Expenditure Account. The Council was notified of an error in information from Teesside Pension Fund in the calculation of notional interest costs on the pension liability. This information came out at a very late stage in the process and resulted in a £4.8 million increase in the deficit on the Income and Expenditure Account. Because of the way the Council is required to account for pension liabilities there was no impact on council tax in the year and no impact on the Council's reserves.
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## Weaknesses in internal control

- 20 From our testing on the systems which support the material balances in the financial statements we have identified the following weaknesses.
- The asset register does not include sufficient detail to identify individual assets in the vehicles, plant and equipment heading on the balance sheet. This is particularly relevant to IT assets which account for over £5 million of the balance sheet figure of £7.5million. After significant additional work by the Council's officers and in the audit we were able to gain sufficient assurance that the balance is not materially mis-stated. However, there have been no write-offs of ICT equipment for two years, suggesting that the asset value in the balance sheet is potentially overstated.
  - There were a small number of errors identified in information from the accounts payable (creditors) system. One of our main concerns was how officers are using the commitment accounting system within the creditors system to record orders placed and related future expenditure. There were a number of old commitments on this system which had not been reviewed and cleared for two years. In addition there has been little challenge in year to the amount of expenditure remaining as commitments. We are concerned that the information held in the commitment accounting system could distort budgetary control information and project an unrealistic outturn during the year.

## Financial statements and annual governance statement

- The Council did not carry out an independent review of Internal Audit as required by the Accounts and Audit Regulations 2006. At our request, this omission was reflected in the Annual Governance Statement following our audit. The Council also agreed to amend the Annual Governance Statement to reflect the Icelandic banks investment issue and the loss of personal data held electronically.

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### Accounting Practice and financial reporting

- 21** There has been a marked improvement in the Council's financial reporting and supporting working papers this year. Officers reviewed the content of the financial statements in order to ensure that they were compliant with CIPFA's Statement of Recommended Practice. Improvements in the closure process allowed for an extended and thorough review of the draft statements.
- 22** The use of the Council's electronic information management system to file working papers and to log queries has helped in ensuring a much smoother audit process. The format of working papers was improved significantly, providing a clearer audit trail between the general ledger and the financial statements.

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### International Financial Reporting Standards

- 23** The Council will have to comply with International Financial Reporting Standards (IFRS) from 2010 onwards. This means that the 2009/10 accounts will need to be re-stated in line with IFRS and will mean substantial work in:
- revaluing and re-classifying property, land and buildings;
  - bringing assets belonging to private finance initiative schemes back onto the balance sheet;
  - re-categorising lease agreements; and
  - gathering information to support accruals for staff holidays not taken by the end of the year.
- 24** The Director of Corporate Resources has already recruited a specialist to help prepare for the implementation of IFRS. The Council has produced a work schedule against each of the IFRS standards, showing planned completion dates. An issues log has been established for each PFI scheme and for IFRS in general. - further to this each standard has a version control statement which covers off in detail the progress being made.
- 25** Following a meeting with the Council on the 10 November 2009 an IFRS EDC survey was completed, which at that time, showed the Council still had a lot to achieve before its ambitious 31 December 2009 deadline. We will be monitoring progress on the re-statement of the Council's accounts in next year's audit.

# Value for money and use of resources

I considered how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

## Use of resources judgements

- 26 In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 27 I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and other local audit work, directed at specific risks we have identified.

## Overall scores

**Table 1 Use of Resources theme scores**

Use of Resources theme	Scored judgement
Managing Finances	2
Governing the business	2
Managing resources	3

- 28 The Chief Executive and Cabinet instigated a change programme (Modernising the Council Phase 1) early in 2008 which culminated in a new Executive Management Team (EMT) being in place in October 2008, with further substantial changes in management arrangements. The changes were deemed essential for the Council to improve how it delivers services and meets the needs of the local area.

## Value for money and use of resources

- 29 Since then there has been a substantial amount of work undertaken to improve corporate governance procedures, including financial management, risk management and corporate planning. This has led to better links between the medium term financial plan and the service plans in 2009/10 and a more effective assessment of the risks faced by the Council in achieving its objectives. More needs to be done to ensure managers consistently understand the mechanics of the general ledger and associated systems and how they impact on budgetary control and reporting.
- 30 Because a number of the improvements were not put in place until the latter part of 2008/09 it has been difficult for us to assess outcomes for local people in many aspects of corporate governance and financial management. A number of the problems and weaknesses identified in our use of resources assessment in 2007/08 were still apparent for the first half of 2008/09 which has affected the overall judgements. However, the use of resources assessment this year has been a much more stringent test and the Council has managed to consolidate its governance procedures over the past year.

## Managing finances

- 31 A balanced budget was set for 2008/09, however, at quarter three a £3.8 million overspend was projected. Management Team, supported by the Cabinet, introduced a number of tight controls and the outturn position at 31 March 2009 was a small underspend of £137,000 that was added to budgeted balances to take forward into 2009/10.
- 32 The budget for 2009/10 includes a requirement of delivering £9 million of efficiency savings; to achieve the budgeted position at the end of the year and plans are now in place to deliver these, which are being monitored by senior officers and members. The preparation for the 2009/10 budget and medium term financial plan involved a wide range of stakeholders throughout the Borough and improved processes for managers to clarify the underlying principles of the medium term financial plan and its impact on future service delivery plans. The value added by the new procedures should be evaluated before the 2010/11 budget round.
- 33 Additional work in Adult Social Care Services identified weaknesses in predicting service levels and over-estimating of projected spend, as well as weaknesses with the application of budget setting guidance. These issues, combined with reactive management of poorly assessed risks, severely impacted on the service's ability to meet its financial objectives. The findings from this work are covered in more detail in paragraph 46 below.

- 34** The Council invested £6 million in Icelandic banks during 2008/09, including a £4 million re-investment made on 1 October 2009, after the credit ratings were reduced to below acceptable levels. The medium term financial plan has been adjusted to reflect the estimated loss on this investment - some £1.5 million. This will be recovered from Council Tax payers either through revenue provisions over three years or through the use of a capitalisation direction which may allow the Council to borrow to cover the losses incurred over a longer period or use capital receipts. Weaknesses in the application of treasury management controls were identified in a subsequent Internal Audit review and improvements have been made. There are now more effective and regular risk assessments of treasury management activity taking place and the Head of Corporate Financial Services is strengthening the skills and capacity of the treasury management team.
- 35** The Council has a good track record in maintaining the quality of services against a background of ever tightening financial resources. Services perform well, particularly those for vulnerable people. However, understanding the impact of costs and resources on performance levels is not consistent across the service areas which potentially impacts on the ability to achieve value for money and make further efficiencies.
- 36** The quality of financial reporting has improved over the year, but further improvements could be made to provide a commentary for managers to aid their understanding of the budgetary control reports. If performance and financial information were linked better, managers and members would have more appreciation of how changes in resources affect performance levels and the Council could then use the information to challenge performance and make decisions about investment and disinvestment in services.

## Governing the business

- 37** The Council continued to develop its assessment of its diverse communities during 2008/09, through commissioning and procurement policies, working in partnership with other agencies, with the objective of seeking to narrow the gap between the more affluent wards and those with high levels of deprivation. The Council has recognised that there have been some weaknesses in IT procurement that have not always resulted in good value for money, but recent procurements have secured significant savings.
- 38** Data quality supporting the national set of performance indicators is good and the performance indicators are accurately stated. However some systems providing key information for decision makers need improvement as managers often received information which did not meet their needs, with little commentary on its significance. Financial and performance information were not sufficiently linked in 2008/09.
- 39** Risk registers are in place and the processes around risk management have improved, allowing managers to focus on the real risks in their services. However there has been inconsistent application of corporate guidance on risk management across the Council. Reports to members on risks faced by the Council have focussed on a very narrow range of business continuity planning and disaster recovery, rather than providing assurance that the key risks to achieving the actions in the corporate plan and key statutory responsibilities are mitigated.

## Value for money and use of resources

- 40 Fraud and corruption arrangements are sound and members have been fully involved in improving the approach to Scrutiny.
- 41 Members of the Audit Committee have been developing the skills needed to make an effective assessment of the control environment within the Council. The challenge from members needs to improve and the Audit Committee has demonstrated that challenge can be effective when they work together.

## Managing resources

- 42 The Council has good arrangements to manage the use of its natural resources. The Council has achieved a significant reduction of 22 per cent in its carbon footprint since 2007 and fossil fuel consumption has reduced by 13 per cent across the Council's estate. There is a clear recognition of what is needed to deliver sustainable developments and strong partnership working is contributing to outcomes, for example protecting the bio-diversity of natural habitats. The Council is a member of the Tees Valley Climate Change Partnership who has produced a long term Sustainable Environment Strategy reflecting current good practice.
- 43 There have been a number of problems with asset management information in the past, including incomplete records and out of date information. The Council has made significant progress in addressing the weaknesses and shortcomings of the systems it uses to record the value and condition of its physical assets. In addition the levels of planned maintenance have increased which has meant that a greater proportion of the estate is fit for purpose. However the Council still does not have a comprehensive list of IT assets which can be linked to values in the accounts.
- 44 The Asset Management Plan was combined with the strategic property review and accommodation strategy during 2008 leading to a more comprehensive and strategic view of the Council's asset base. The planning framework for 2009/10 service plans, developed during 2008/09, brought asset data and management information into these plans to raise awareness about using physical assets more effectively to improve service outcomes. A tangible example of this is the development of Eston Health Village in conjunction with the PCT.

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## VFM Conclusion

- 45 I assessed the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body.
- 46 I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

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## Local Risk Work

### Adult Social Care

- 47 In late 2008 we were concerned that the mounting projected overspend in Adult Social Care Services (some £3 million) would have a detrimental effect on the Council's financial position over the current year and the medium term. Initial work indicated concerns on the robustness of the 2008/09 budget for adult social care. In conjunction with Internal Audit, we undertook a detailed review and identified a number of significant problems within the service:
- reactive management of poorly assessed risks, with long term demand forecasting at an undeveloped stage;
  - a lack of ownership of budgets that were not aligned to those spending the money;
  - poor management information and poor communication between managers of the service and the corporate centre;
  - it has taken over three years to implement Carefirst management system and it still not operational. There has been a significant cost in officer and consultant time and funds;
  - the residential care homes are operating below capacity.
- 48 Officers have accepted our findings and the Director of Adult and Children's Services and the Head of Corporate Finance have developed a robust action plan to address the weaknesses identified. Extremely tight financial controls introduced in the last quarter of 2008/09 meant that the service did not overspend as much as projected and these controls have continued into the current financial year. The service has also produced action plans to achieve efficiency savings in 2009/10 and these are being closely monitored. We will be monitoring how the Council achieves the action plan during our 2009/10 work on use of resources.

### Health Inequalities

- 49 Our review, completed jointly by the Audit Commission and Deloitte has involved public sector bodies across the North East, as well as the voluntary sector, looking at how organisations are working together to tackle health inequalities.
- 50 Addressing such a major issue is not the preserve of any one organisation but must be addressed through co-operation and a shared commitment to action. We found that good progress is being made in tackling health inequalities through leadership from regional agencies, partnership working between public sector bodies and the voluntary sector at the local level, and by increasing or prioritising funding.
- 51 Life expectancy is increasing and, in most areas, the mortality rate reducing at a faster rate in the North East than nationally, narrowing the gap between the North East and the rest of the country.

## Value for money and use of resources

- 52 However, whilst life expectancy is improving, men and women in the North East are still likely to die younger than the national average. Men and women living in the most deprived areas can expect to die on average more than ten years and seven years earlier respectively than their counterparts in the least deprived areas.
- 53 There are also significant issues in the North East around unhealthy lifestyles. For example the percentage of North East women smoking in pregnancy and hospital admission rates related to alcohol are the worst nationally; childhood obesity rates and teenage pregnancy rates are higher than the national average. In Redcar and Cleveland people die younger and suffer more ill health than in many other parts of the county, despite the fact that mortality rates have fallen. The Council has taken some action with the result that 18 per cent more people have stopped smoking than in the rest of England and more adults take part in active recreation. However, there are still too many people who abuse alcohol, smoke and are severely overweight.
- 54 Organisations in the North East need to build on the progress that has been made to date and ensure that they move further and faster in addressing health inequalities. Our North East wide report and local review on alcohol/ teenage pregnancy highlights a number of key areas that partnerships need to focus on to improve action to address health inequalities.
- Strategic priorities and funding should be aligned. There are significant economic and financial costs associated with health inequalities that can be reduced through successful funding.
  - Successful targeting of services to those who most need them, based on good data. We found that this data is often not available.
  - Accountability and performance management arrangements were often weak or not in place, so that those delivering services may not be adequately held to account and value for money and improved outcomes cannot be demonstrated.
  - Joint working was variable, with some good examples, but also other instances where a lack of partnership working reduces effectiveness. Joint data collection needs to improve, with a lack of shared information systems causing problems.
  - Agencies need to look for ways to better support and use the resources available in the community and voluntary sector.
  - There was mixed practice in taking community views into account in developing high level strategies and service development plans.
- 55 The detailed report is being distributed to public sector bodies across the North East and includes a series of recommendations and questions for all organisations and partnerships to consider in reviewing and evaluating their plans and actions to address health inequalities.
- 56 We have reported our detailed findings and agreed an action plan to address the areas of improvement we identified.

### IT strategy and commissioning

- 57 The Council set up an internal review of ICT – ‘Back to Basics’ in March 2008 to define the requirements for an IT strategy, programme and infrastructure to meet the needs of the organisation. Following audit work in previous years that had expressed concerns over the strategic vision and management of the Council's ICT programme, we reviewed of the Council's arrangements as part of our work on the procurement element of the use of resources assessment.
- 58 Whilst an ICT Strategy is now in place, at the time of our work the Council did not have a robust strategic vision for ICT and procurement arrangements were variable - departmental procurement in particular was poor with limited checks on what departments were purchasing and no ICT expertise involved in some purchasing decisions. We were also concerned that management capacity to provide a strategic direction for ICT was insufficient, and morale amongst the ICT team was low.
- 59 Since our report was discussed and agreed with officers a new strategy has been developed and a major re-structure of ICT management and procurement has been undertaken. Management capacity has been strengthened and combined with a new corporate approach to procurement and project management, the Council has the tools to achieve value for money from its ICT strategy.

### Your business at risk

- 60 The growth of the e-agenda, the increase in the use of new technologies, greater public access and more joined-up working are all positive trends but all mean increased risks for public sector bodies. Computer viruses, IT fraud, hacking, invasion of privacy and downloading of unsuitable material from the Web all remain real threats. Recent media coverage has given information security risks a high profile by highlighting losses of personal information by a range of government bodies.
- 61 We surveyed all staff within the Council to assess of compliance with good practice in information governance and to identify the risk of information security breaches.
- 62 The overall perception of most staff is that IT security at the Council is adequate or better and that all staff have a role to play in it. Regular reminders to staff about all of the issues covered in our survey will be of benefit to the Council. However, our survey indicates that, in priority order, the key areas where the Council particularly needs to raise staff awareness are:
- using appropriately secure mechanisms to share personal data outside the Council;
  - using a secure method of accessing Council data when working out of the office;
  - the Council's rules on the use of its IT resources;
  - keeping log-on details secure, eg not revealing them over the phone or Web;
  - reporting information security incidents.

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# Closing remarks

- 63 I have discussed and agreed this letter with the Chief Executive and the Director of Corporate Resources. I will present this letter at the Council meeting on 26 November 2009 and will provide copies to all members.
- 64 Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year.

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**Table 2**

<b>Report</b>	<b>Date issued</b>
Your business at risk	March 2009
IT strategy and commissioning	May 2009
Building Schools for the Future memorandum for officers	June 2009
Annual Governance Report	September 2009
Use of Resources	November 2009
Adult Social Care - series of memoranda to officers	January - June 2009

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- 65 The Council has taken a positive and constructive approach to our audit. I wish to thank the Council staff for their support and co-operation during the audit.

Lynne Snowball  
District Auditor  
December 2009

# Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
<b>Annual Audit Letter 2008/09 Recommendations</b>						
5	R1 The Council needs to ensure that recommended improvements in asset management and creditors systems are introduced as a matter of urgency.	3	The Council (Financial Governance Manager)	Yes	<p>A full review of the Asset Management recording process has been undertaken to validate the physical asset locations with the recorded book values. The co-ordination of the Asset Register to physical asset locations is programmed to be validated on at least a quarterly basis.</p> <p>The Creditors system has been reviewed immediately following the initial discussions with the Audit Commission. The creditors system will be regularly reviewed, prior to each quarter ending.</p>	<p>In place and Ongoing</p> <p>In place and Ongoing</p>
5	R2 Members should ensure that recommendations made in our Use of Resources report are implemented as agreed.	3	The Council (Head of Corporate Financial Services)	Yes	The presentation of the Use of Resources report to both Cabinet and the Audit Committee in February 2010 will agree a response to all the recommendations as set out in the report.	February 2010

## Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
5	R3 The Council should work with partners, using the recommendations in our health inequalities reports to improve targeting and performance management, making effective use of the voluntary sector and community views.	3	The Council (Head of Public Health)	Yes	The Health Improvement Strategy Delivery Plan, due to be presented to the Cabinet in February 2010 will set out the response to the recommendations in the Audit Commission's Health Inequalities Report	February 2010
5	R4 The Council needs to monitor the achievement of savings in the 2009/10 budget and challenge the action plans behind the achievement of the savings to ensure that they are robust and clearly understood.	3	The Council (Executive Management Team, Cabinet, Audit Committee and Scrutiny)	Yes	<p>The Executive Management team on a monthly basis through their performance sessions challenge the financial position of the Council and the achievement of efficiencies therein. An element of this process evaluates the efficiency action plans for their contributions to and their achievement of a balance outturn position.</p> <p>A monthly report is produced for scrutiny which sets out the financial position of the Council, the achievement of efficiencies and savings. The Scrutiny committee also challenge the validation of the Council's efficiencies as required for the submission of our National Indicator 179</p> <p>On a quarterly basis a report on the financial position and the achievement of efficiencies and savings is presented to both the Cabinet and the Audit Committee.</p>	In Place and Ongoing

## Appendix 2 – Audit Fees

	Planned	Actual	Variance
Financial statements and annual governance statement	£146,005	£157,097	£11,092
Value for money	£145,465	£158,465	£13,000
<b>Total audit fees</b>	£291,470	£315,562	
Non-audit work	£0	£3,417	£3,417
<b>Total</b>	£291,470	£318,979	

The additional fees of £11,092 related to the opinion were for additional work arising from weaknesses in Council systems, work to investigate an issue raised by a local elector and time related to an Employment Tribunal that we were called to appear at as a witness for the Council.

The additional fees of £13,000 related to value for money were for the work on Adult Social Care.

Non-audit work related to the delivery of a development workshop for members.

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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