

Item No. 7.1	Classification: Open	Date: 22/02/06	Meeting name Council assembly
Report title:		Annual Audit and Inspection letter 2004/05	
Ward(s) or groups affected:		All	
From:		Bob Coomber, Chief Executive Duncan Whitfield, Finance Director	

RECOMMENDATION

1. That council assembly notes the Annual Audit Letter for 2004/5.

KEY ISSUES FOR CONSIDERATION

2. Annually the Audit Commission writes to the council summarising its conclusions and recommendations arising from recent audit and inspections of the council.
3. A copy of the Annual Audit and Inspection letter is attached to this report (Appendix A).
4. The letter notes that the statement of accounts, prepared ahead of deadline, was given an unqualified opinion by the district auditor on October 31 2005. Financial standing continues to be sound. There are adequate arrangements to monitor financial systems. Prevention and detection of fraud and corruption has been strengthened. Legality of transactions was seen to be satisfactory.
5. The district auditor gave an unqualified opinion that the council had prepared and published its best value performance plan (the corporate plan) ahead of the statutory deadline of 30 June 2005. The corporate plan was agreed in tandem with the budget and published at the start of the financial year. There were no issues or recommendations in connection with the plan. Furthermore, no best value performance indicators were qualified in 2004/5.
6. The letter notes Southwark's rating as a 3 (out of 4) star authority, that is "improving well", within the annual comprehensive performance assessment judgement.
7. At their meeting of January 31 the executive welcomed the Audit Commission's conclusions and referred the letter for comment to the regeneration and resources scrutiny meeting of February 2.
8. At their meeting of the February 2 the regeneration and resources scrutiny committee asked that, in response to the issues raised in the letter, executive were alerted to the importance of project management arrangements and the delivery of capital investment plans for regeneration. Monitoring the improvements of the housing benefits system, assessing the ongoing achievement, including financing, of the customer service centre and reporting back on the work being done to

strengthen financial systems against fraud were key points raised by the committee.

9. In moving forward the council needs to ensure that performance is sustained and improved consistently across services. This is particularly key given the relative size and scale of major projects including the Elephant and Castle and Aylesbury programmes, Decent Homes and Building Schools for the Future. This, alongside, long term efficiency gains are key to the success of improved value for money outcomes across council services and programmes. Sound project management is integral and the level of reserves and balances will need to adequately reflect ongoing need attached to local priorities. Resource availability (from government and other sources) and effective, efficient management of such resources is central to achieving continued performance improvement. The council will continue to lobby for a share of resources that is appropriate to local need and priority.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Annual Audit and Inspection Letter 2004/05 (attached)	Financial Management Services	Duncan Whitfield, Finance Director 020 7525 7180

AUDIT TRAIL

Lead Officer	Bob Coomber, Chief Executive Duncan Whitfield, Finance Director		
Report Author	Stephen Gaskell, Head of Corporate Planning and Performance		
Version	FINAL		
Dated	10.03.06		
Key Decision?	No		
Consultation With Other Officers / Directorates / Executive Member			
	Officer Title	Comments Sought	Comments included
	Borough Solicitor & Secretary	No	No
	Chief Finance Officer	Yes	Yes
	Executive Member	No	No
	Date final report sent to Constitutional Support Services		10.03.06