



ISLINGTON

Finance

Municipal Offices, Upper Street, London N1 2UD

Report of : Executive Member for Resources

Meeting of	Date	Agenda Item	Ward(s)
Executive Corporate Services Committee Standards Committee	9 February 2006 9 March 2006 30 March	5	All

Delete as appropriate		Non-exempt
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SUBJECT: Annual Audit and Inspection Letter 2004/2005

1. Synopsis

- 1.1 Islington is determined to achieve the goals set out in the "One Islington" vision. The Annual Audit and Inspection Letter for 2004/2005 recognises the performance improvements made by the Council leading to its 3 star, "improving well" rating and provides assurance as to the soundness of the Council's governance arrangements.

2. Recommendation

- 2.1 To note the contents of the Annual Audit and Inspection Letter for 2004/05 and welcome the positive nature of the improvements in services and performance acknowledged in the Letter.

3. Background

- 3.1 At the conclusion of the Audit each year an Annual Audit and Inspection Letter (Letter) is presented to the Council by the Audit Commission's appointed District Auditor and Relationship Manager (currently Mr Les Kidner). The letter summarises the conclusions and significant issues arising from the recent audit and inspections of the Council.

- 3.2 The 2004/2005 Annual Letter, attached as Appendix B, covers three main areas:

- council performance
- accounts and governance
- other work

4. Council performance

- 4.1 The key message contained within the Letter is that the Council overall is improving well. The Council received a 3 star rating and the “improving well” direction of travel assessment in December 2005 under the new “harder test” Comprehensive Performance Assessment (CPA) regime. Improvement in the areas of social housing, education and housing benefits is recognised, also that the Council has improved in 78% of key local government performance indicators, together with the assessment that the Council has made good progress in implementing its arrangements for the Arms Length Management Organisation, Homes for Islington. The Letter is also positive about the Council’s ethical governance arrangements and its customer focus.
- 4.2 In terms of value for money the Letter notes that the Council spends at about the average level in comparison to similar authorities and recognises that it has delivered savings in a number of areas and has prioritised the improvement of services during recent years. What is recommended is that going forward particular emphasis needs to be placed on developing the arrangements for improving value for money.

5. Accounts and governance

- 5.1 The 2004/2005 accounts were given an unqualified opinion with the District Auditor commenting on the reduced number of audit queries and amendments to the accounts resulting from the new quality assurance arrangements introduced for 2004/2005. The continued improvement in the Council’s financial health is recognised, noting that the Council has achieved a budget surplus in the last two years despite significant spending pressures in some services. The District Auditor recommends that the Council’s reserve policy be kept under review to reflect likely risks such as the funding of the Pension Fund.

6. Other work

- 6.1 In relation to grant claims, improvement is noted in the quality of working papers in all areas together with improvements in the major claims for housing and council tax benefit. However some slippage in the timeliness of claim submission was experienced and for education and regeneration claims the monitoring arrangements for money spent by third parties is in need of improvement.

7. Action needed by the Council

- 7.1 The Letter identifies three areas for further improvement.
- continue improving Council services with particular emphasis on developing the arrangements for improving value for money;
 - keep the reserves policy under review to ensure it continues to reflect future likely risks, including future funding of the Pension Fund; and
 - improve its anti-fraud and corruption arrangements by revising and further promulgating its anti-fraud and corruption strategy and continuing to investigate NFI data matches.

- 7.2 The Council is already addressing these issues. The Council is committed to delivering efficient high quality services to its citizens and is progressing well in meeting the Gershon three-year efficiency targets. The Council has been very successful, through its Medium Term Financial Strategy, in building up its reserves over recent years and has been proactive in responding to the advice given by its Pensions Fund actuaries. The Council is committed to ensuring that risk of loss from fraud and corruption is minimised. The anti-fraud and corruption strategy is currently being updated and plans are being developed to further promote this across all services.
- 7.3 The Council is positive that improvement in the areas identified in the Letter will be achieved. These areas, set out above and in the action plan in Appendix A, will be incorporated into the Corporate Plan for next year and the Departmental Performance Plans that underpin it. The Executive will receive a report on progress during the year. The Corporate Services Committee will continue to monitor the achievement of the internal audit plan, the achievement of the closing of the accounts and the external auditors report on the outcome of their audit.

8. Implications

8.1 Financial Implications

These are contained within the report.

8.2 Legal Implications

None.

8.3 Equality Implications

None.

9. Conclusion and reasons for recommendations

- 9.1 The Letter demonstrates the significant progress the Council has made over recent years and which has led to its 3 star “performing well” rating. The areas of further improvement identified will be embedded in the Council’s performance management regime to ensure they are addressed.

Appendices attached

A	Action Plan
B	Annual Audit and Inspection Letter 2004/2005

Background papers:

none

Final Report Clearance

Signed by

Executive Member for Resources

Date

Received by

Head of Democratic Services

Date

Report author : Alan Layton
Tel : 0207 527 2835
Fax : 0207 527 2407
E-mail : alan.layton@islington.gov.uk

Action Plan

	Recommendation	Responsible Officer	Timescale
1	Continue improving Council services with particular emphasis on developing the arrangements for improving value for money	Director of Finance	Ongoing
2	Keep the reserves policy under review to ensure it continues to reflect future likely risks, including future funding of the Pension Fund;	Director of Finance	Ongoing
3	Improve its anti-fraud and corruption arrangements by revising and further promulgating its anti-fraud and corruption strategy and continuing to investigate NFI data matches	Director of Finance	Ongoing