

Southend-on-Sea Borough Council

Report of Corporate Director of Support Services to Audit Committee

on
13th January 2011

Report prepared by: M Albano - Group Manager Financial
Planning & Capital

Agenda
Item No.

PKF Annual Audit Letter

Executive Councillor: Councillor T. N. Holdcroft

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1. To inform Audit Committee members of the opinion of the Council undertaken by PKF, the Councils external auditors.

2. Recommendation

- 2.1. That the Audit Committee note the contents of the Auditors Letter attached as an Appendix to this report.

3. Background

- 3.1. This Annual Audit Letter summarises the key issues arising from the work PKF have carried out during the year as the Councils auditors, and highlights the key findings that should be considered by the Council.
- 3.2. The key findings are summarised below.

Area	Conclusion
Financial statements	We issued an unqualified opinion on the financial statements.
Value for money conclusion	We issued an unqualified value for money conclusion.
Financial Position	At the current time the Council's financial position is challenging. As with most public sector organisations, the future financing position is extremely uncertain and the Council is currently making plans to deal with anticipated radical reductions in the funding provided to support the activities of the Council in future years.
Capital Programme for Housing Stock	The Council has adequate and effective arrangements in place that have fully delivered the £10m investment programme agreed for 2009/10, and remains on track to deliver the planned programme for 2010/11. Recent, high profile developments relating to a housing contractor had been foreseen by the Council and pro-active risk mitigation undertaken.
Building Schools for the Future (BSF)	The Council has robust governance arrangements in respect of the delivery of the BSF work programme and is successfully delivering the capital works to the Belfairs School in line with the project plan. The progress to date remains on course to deliver the programmed works in accordance with the Project Execution Document.

Area	Conclusion
Thames Gateway	<p>The Council has robust governance arrangements and is delivering the capital works supported by funding agreements with the Homes and Communities Agency in line with the timetables required to enable that funding to be accessed.</p> <p>However, there are some inconsistencies between projects in respect of the use made of the project management documentation arrangements that have been implemented by the Council, which should be addressed so that all projects are recorded to the corporate standard, to demonstrate that they are being properly project managed and delivered in accordance with the Council's plans and expectations.</p>
Health Inequalities	<p>Essex public sector organisations have made good overall progress against previous recommendations, particularly in consolidating strategic approaches to deal with health inequalities, working together to develop operational arrangements to deliver the strategies and improving member awareness. Some issues require further attention, particularly in delivery, target setting and local performance monitoring.</p> <p>Southend Together has significantly strengthened its arrangements for tackling health inequalities since we undertook our first stage review, and there is already a much stronger base for delivery and having an impact on health inequalities in the future, with the implementation of the recently introduced Health Inequalities Strategy.</p>
Data Quality	<p>The management arrangements for all five indicators were appropriate and each of the indicators was found to have been fairly stated.</p>

4. Other Options

4.1. There are no other options as the report is an assessment by External Auditors

5. Reasons for Recommendations

5.1. The report is an assessment by External Auditors

6. Corporate Implications

6.1. Contribution to Council's Vision & Corporate Priorities

All audit work contributes to the Corporate Aim of being "An Excellent Council" and the Cross Cutting Theme of "Becoming a Higher Performing Organisation".

6.2. Financial Implications

None

6.3. Legal Implications

The Council is required to have an external audit of its activities that complies with the requirements of the Audit Commission's Code of Audit Practice (the Code). By considering this report, the Committee can satisfy itself that this requirement is being discharged.

6.4. People Implications

None

6.5. Property Implications

None

6.6. Consultation

None

6.7. Equalities and Diversity Implications

None

6.8. Risk Assessment

Poor performance by the Council in the areas subject to review could result in either a qualified audit opinion or value for money conclusion and may also impact adversely on any corporate assessment.

6.9. Value for Money

None

6.10. Community Safety Implications

None

6.11. Environmental Impact

None

7. Background Papers

There are various papers, case studies and working papers held by the Council which have informed PKF in their decision

8. Appendices

The Annual Audit Letter - PKF