

**Executive***On* 18 January 2006

Report title:	<b>The Annual Audit and Inspection Letter 2005</b>	
Report of:	<b>Director of Finance and Interim Chief Executive</b>	
Wards affected: <b>All</b>	Report for: <b>Non-key decision</b>	
<b>1. Purpose</b>		
1.1 To consider the Council's response to the issues set out in the Audit Commission's annual audit and inspection letter.		
<b>2. Introduction by Executive Member</b>		
2.1 In response to the external auditor's recommendations, Haringey Council has put together its areas for action at 8.6.		
2.2 The council believes strongly that this response focuses on the right areas required to continue the improved performance seen in the current CPA score recently achieved.		
<b>3. Recommendation</b>		
3.1 To agree the response and actions as set out in the report.		
<b>Report authorised by:</b>	<b>Andrew Travers</b> Director of Finance	<b>Max Caller</b> Interim Chief Executive

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#### **4. Executive summary**

3.1 This report sets out the Council's response to the Audit Commission's Annual Audit and Inspection Letter for 2005 and considers the actions required to secure further improvement in the Council's performance.

#### **5. Reasons for any change in policy or for new policy development**

5.1 The proposed actions in this report are in accordance with existing policy.

#### **6. Local Government (Access to Information) Act 1985**

6.1 The following papers were used in the preparation of this report:

- Comprehensive Performance Assessment (CPA) for 2005
- Annual Audit and Inspection Letter London Borough of Haringey, Audit Commission, December 2005

**For access to the background papers or any further information please contact Gerald Almeroth on 020 8489 3743**

## **7. Background**

- 7.1 The Annual Audit and Inspection Letter from the Audit Commission is an important external assessment of the council's position. Proposals for responding to the issues raised are included in this report for consideration.
- 7.2 The Annual Audit and Inspection Letter is compiled by the council's external auditor. It summarises the conclusions and significant issues arising out of the audit and inspection work for the council in the preceding year. It includes information from the Direction of Travel statement and from the Comprehensive Performance Assessment (CPA) scorecard.
- 7.3 Appendix 1 contains the Audit Commission's Annual Audit and Inspection Letter for 2005.

## **8. Annual Audit and Inspection Letter**

- 8.1 Haringey council has worked positively with District Audit and the Audit Commission during the last year. The good progress made by the council has been recognised in the improved overall CPA score in December 2005, with the council moving to up to 3 'stars' (good), and in the positive Direction of Travel statement and the Annual Audit and Inspection Letter.
- 8.2 The Direction of Travel Statement judgement states that the council is 'improving well' and recognises that there have been 'particular positive outcomes in services for children and young people and for vulnerable adults'.
- 8.3 It also states that nearly 75% of indicators have been maintained or improved, and similarly that user satisfaction is also improving. The challenge for the council will be to maintain the higher levels of performance in some services whilst improving other services where performance is less consistent.
- 8.4 There is recognition that the council targets resources to its priorities and that business planning, financial governance and performance management have improved since 2004. It is also states that arrangements are in place to strengthen information, communication and technology, procurement and commissioning. A key challenge for the council is in respect of value for money where it is noted that we have adequate arrangements for managing and improving value for money and that we need to demonstrate that high spend is commensurate with the delivery of high quality services.
- 8.5 In the area of accounts and governance the comments are generally positive and this is reflected in the 3 out of 4 for the Use of Resources CPA score. Specific comments are as follows
  - Audit of the 2004/05 accounts: the accounts were approved in advance of the statutory deadline, were well prepared with good supporting working papers and were subject to robust member review. The Council took action to resolve the accounting treatment in respect of

the Alexandra Palace long term debt. The auditor's opinion remains qualified in 2004/05 (because the 2003/04 comparative figures were not revised), however it means the the qualification will be removed in 2005/06;

- Financial standing: the Council's financial position remains sound, it has taken steps in recent years to provide a strong platform for financial management and improvements are being demonstrated in the collection of debt;
- Systems of internal financial control: the Council has a generally sound framework for managing internal financial control and has developed its risk management processes although these are not fully embedded yet, the Technical Refresh project being an example of this; and,
- Standards of financial conduct and the prevention and detection of fraud and corruption, and the legality of transactions; the Council has sound arrangements in these areas.

8.6 The key messages from the Audit and Inspection letter are set out in the table below, together with the council's response and proposed actions:

	<b>Recommendation</b>	<b>Response</b>
	The Council needs to:	
1	Sustain improvement in better-performing services, whilst developing its focus on those services where progress is less consistent	Business planning and monitoring will continue to focus on maintaining good performance and driving up performance where necessary. In particular there are specific initiatives and investments in housing management, streetscene and leisure services.
2	Demonstrate that high-cost services are delivering value for money, and embed the culture of challenge for value for money Council-wide	The Council will continue its drive for improving value for money. It is a key component of the business planning process and a rolling programme of value for money reviews has been instigated. Work will also continue through the CPA action plan to embed the value for money culture.
3	Maintain tight budgetary control to deliver financial balance for 2005/06 and the medium to longer term	The Council will continue to monitor closely its financial position and will ensure that the medium term financial strategy has a focus on delivering savings to maintain a balanced budget position.

4	As a priority, implement the action plan developed in response to our report on the Technical Refresh project	The Council will implement the recommendations (see concurrent report to this meeting).
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## **9. Consultation**

9.1 There is no wider consultation planned.

## **10. Summary and Conclusions**

10.1 The response and proposed actions will positively contribute to the plans for continuous improvement.

## **11. Recommendations**

11.1 To agree the response and actions as set out in the report.

## **12. Comments of the Head of Legal Services**

12.1 The Annual Letter records that the Council's arrangements for maintaining the legality of transactions with financial consequences are adequate. There are no other specific legal implications raised by the report.

## **13. Equalities Implications**

13.1 The new CPA in 2005 has a strong emphasis on user focus and diversity. The Council performs well in this area.

## **14. Use of Appendices**

14.1 Annual Audit and Inspection Letter for 2005 – Audit Commission