

# **MAIDSTONE BOROUGH COUNCIL**

## **CABINET**

**16 DECEMBER 2009**

### **REPORT OF MANAGEMENT TEAM**

**Report prepared by David Edwards**  
**Director of Change and Environmental Services**

#### **1. Audit Commission's Annual Audit Letter 2008/09**

##### 1.1 Issue for Decision

1.1.1 To consider the Audit Commission's Annual Audit Letter covering the year 2008/09. The letter provides a summary of the findings and the conclusions which have arisen during the Audit Commission's audit and inspection programme.

##### 1.2 Recommendation of Management Team

1.2.1 It is recommended that the Cabinet note and comment on the Audit Commission's Annual Audit Letter to Maidstone Borough Council.

##### 1.3 Background

1.3.1 This is the first year that the Council has been assessed under the new Comprehensive Area Assessment (CAA). The organisational assessment, which forms one part of the overall CAA, is made up of the Use of Resources and Managing Performance assessment. The full Audit Commission report can be seen as a separate item on the agenda and this includes a commentary on the scores that were awarded.

1.3.2 The Annual Audit Letter provides a summary of the results of the Audit Commission's inspection activity at the Council during 2009/10. It gives an overview of the following:

- The audit of accounts;
- Value for money and use of resources; and
- Maidstone's performance in a Kent wide review of health inequalities.

1.3.3 The data quality assessment and the direction of travel statement were formerly reported on as part of the Annual Audit Letter, but now form part of the overall organisational assessment and are incorporated into the overall Use of Resources themes, which are:-

- Managing finances;
- Governing the business; and
- Managing resources.

1.3.4 The Audit Letter also communicates any significant issues which the Council will need to address. Recommendations and issues to consider have been set out in the appendices.

#### 1.4 Financial Statements, Use of Resources and Value for Money

1.4.1 Overall the Council is performing very well and key strengths identified include the following:

- That a comprehensive set of accounts and working papers had been produced;
- That the Council has a very good system of financial monitoring;
- That the Council champions joint working with other authorities through the Mid Kent Improvement Partnership and identifies value for money opportunities through a well established business transformation programme;
- That the Audit Committee is effective and has made a positive impact;
- That the Council's workforce planning is soundly based; and
- That the Council has a vigorous approach to organisational development.

1.4.2 There are, however, several issues that the Commission has asked the Council to consider, these include:

- The capacity and skills mix within the Finance Department to accommodate changes brought about by IFRS;
- Measuring the effectiveness of measures to address the effects of the economic recession;
- Demonstrating improved service delivery and customer satisfaction from Council initiatives; and
- Addressing the outstanding learning and development issues from the Investors In People reassessment and equality impact assessment.

1.4.3 Officers are currently working through these recommendations in preparation for the next assessment in 2010 and these will be incorporated into the Corporate Improvement Plan.

## 1.5 Health Inequalities

1.5.1 The Audit Commission also undertook a Kent wide review of health inequalities. The assessment demonstrated several key strengths in Maidstone, including the operation of the Maidstone Health Action Team Local Strategic Partnership (LSP) Sub-Group, these were:

- The good understanding of underlying social and lifestyle issues;
- The work that is underway to tackle health inequalities including the healthy lifestyles coordinator and the healthy living centre in Park Wood; and
- The good understanding of the challenges of funding and achieving value for money in resources.

1.5.2 Three key issues were identified for the group:

- Communication and engagement with communities and understanding needs;
- Prioritisation and lack of clear action plans; and
- Allocation and adequacy of resources.

1.5.3 These will be primarily considered through the LSP as part of the ongoing work programme.

## 1.6 Next Steps

1.6.1 The report will be going to Audit Committee for further comment on the 12 January 2010.

1.6.2 Appendix A sets out the Audit Commission's key findings and conclusions, highlighting areas of strength and issues to consider. There are five recommendations identified by the auditor, which are set out in Appendix 2 from the audit of accounts. These will be incorporated into the Corporate Improvement Plan, and the action that is taken will be highlighted in the Council's next self assessment.

1.6.3 The recommendations are also being sent to the Maidstone LSP. The LSP has already restructured to ensure a clear focus on delivering the objectives of the Sustainable Community Strategy. The new Health and Wellbeing Board sub group of the LSP will take the lead on the health inequalities agenda. The Audit Commission will be doing follow up work across Kent in 2010/11 to ensure the action plans are being implemented.

1.7 Conclusion

1.7.1 The Annual Audit Letter sets out a positive picture of how the Council is performing and delivering against its priorities. The Council continues to perform strongly against what is now a harder test assessment and within an increasingly challenging financial climate.

1.8 Alternative Action and why not Recommended

1.8.1 The Council could choose not to acknowledge the comments made by the Audit Commission, but this is an independent view of how efficiently and effectively the authority is operating. It also offers stakeholders, including the public, an opportunity to gain a view of how the Council is performing across a range of areas.

1.9 Impact on Corporate Objectives

1.9.1 The Council is committed to delivering on its priorities and securing value for money, which is one of the Council's key corporate objectives.

1.10 Risk Management

1.10.1 Risk Management forms a key part of the corporate governance arrangements that are assessed as part of the annual audit.

1.11 Other Implications

1.11.1 The Annual Audit Letter has implications on a number of areas, it summarises a range of outcomes from the Audit activity during the past financial year.

1. Financial	X
2. Staffing	X
3. Legal	
4. Equality Impact Needs Assessment	
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	

9. Asset Management

X

Financial, staffing and asset management

1.11.2 The Annual Audit Letter covers the Council's performance on financial, staffing and asset management issues. Audit Commission recommendations relating to these areas and the Council's comments are set out in Appendix 2 of the Audit Letter.

1.12 Background Documents

- Use of Resources self assessment – Report to Cabinet, April 2009.

**NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED**

Is this a Key Decision?    Yes        No   

If yes, when did it appear in the Forward Plan? \_\_\_\_\_

Is this an Urgent Key Decision?    Yes        No   

Reason for Urgency

[State why the decision is urgent and cannot wait until the next issue of the forward plan.]