

**EXTERNAL AUDIT OPINION**

External Audit Reports discussed at Audit Committee during 2009 / 2010 have included:

28 September 2009	External Audit Report to those charged with Governance
2 November 2009	Interim Audit Report to Management
2 November 2009	Use of Resources Assessment
8 February 2010	Annual Audit and Inspection Letter
8 February 2010	Audit Plan
29 March 2010	Grant Claim Certification Work

The Annual Audit and Inspection Letter outlined the overall judgement that Peterborough is performing well.

It also issued an unqualified opinion on the Council's 2008 / 2009 Accounts. This was discussed at Cabinet and Audit Committee on 8 February 2010.

For all other reports produced, detailed action plans have been established to resolve any weaknesses identified and assurance met by regular reviews against those plans. Key messages identified from the Annual Audit Letter (8 February 2010) are:

**Financial Statements**

- *PwC was pleased with the quality of the draft accounts and the working papers provided to support them. This ensured that the audit process itself was efficient.*
- *The Council recorded an under spend of £141k, which was transferred to reserves, against its net revised revenue budget for the year (net of Dedicated Schools Grant passed to schools) of £154.6m. As reported in the Statement of Accounts, the overall position was underpinned by net under spends in Strategic Resources of £2.0m, overspends of £0.7m in City Services and Environment and Community Services, and other over spends totalling £1.2m.*
- *As in the prior year, the Council has continued its policy of operating with a General Fund balance of £6.0m, representing 3.9 per cent of the net 2008/09 budget.*

**Value for money and Use of resources**

- *From April 2009, the Audit Commission has been implementing the comprehensive area assessment (CAA), jointly with the other public service inspectorates. The audit year 2008/09 is a year of transition to CAA. The use of resources judgements in 2008/09 were input into the first results of CAA which the Audit Commission reported on in October 2009, as well as acting as the basis for PwC's value for money conclusion. PwC issued an unqualified value for money conclusion on 29 September 2009.*
- *PwC assessed the Council as performing well against the Use of Resources themes of 'Managing Finances' and 'Governing the Business', and as performing adequately against the theme of 'Managing Resources'.*

## Key Messages

- *The Council has been assessed by the Audit Commission as performing adequately against the 'Managing Performance' element of the Comprehensive Area Assessment.*
- *The overall Organisational Assessment for the Council is that it is performing adequately. The Council tackles issues that matter most to local people. In many areas performance is good. But services need to improve in some important areas.*
- *The Council has many significant challenges in future years, including:*
  - *the impact of the global economic downturn on future grant settlement from Central Government is likely to require the Council to identify further efficiencies in the way services are delivered;*
  - *the Council's role on the Peterborough Delivery Partnership, and the funding mechanisms that are put in place for significant infrastructure projects, will be crucial in ensuring that the city's ambitious growth agenda is achieved;*
  - *improving performance in key areas; and*
  - *the adoption from 2010/11 of International Financial Reporting Standards (IFRS) in local government, with comparative data required for 2009/10.*

## Recommendations

- 1) *The Council should introduce procedures to ensure that user access rights to the ORACLE financials applications are reviewed at least annually.*
- 2) *The Council should address the issues for improvement noted in its Annual Governance Statement.*
- 3) *The Council should review the reason for qualifications in its grant claims, and take steps to ensure relevant matters are addressed in future years.*
- 4) *Further engagement with local communities is required with regard to determining strategic priorities and financial planning.*
- 5) *The Strategic Improvement Division should ensure that key data and performance information is reviewed and that action is taken to address weaknesses.*
- 6) *The Council needs to achieve clear reductions in its main resource use areas when measured using the same basis for calculation year-on-year.*